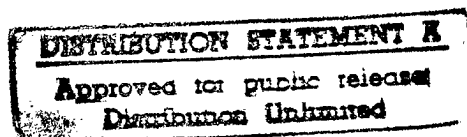




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## United States

### U.S. Adjusts Asian Pacific Strategy

92CM0299A Beijing XIANDAI GUOJI GUANXI  
[CONTEMPORARY INTERNATIONAL RELATIONS]  
in Chinese No 2, 30 Apr 92 pp 8-12

[Article by Ha Mei (0761 2653): "U.S. Adjusts Asian Pacific Strategy"]

[Excerpts] As the cold war drew to a close and the Soviet Union disintegrated, the Asian Pacific situation has changed drastically. Formulating a new Asian Pacific strategy in response to these changes and hammering out a post-cold war Asian Pacific new order dominated by the U.S. has become an urgent topic in the readjustment of America's foreign strategy. Baker's Asian trip last November and Bush's visit to four Asian Pacific nations late last year and early this year are important steps in Washington's effort to work out a new Asian Pacific strategic blueprint. [passage omitted]

#### 2. New Asian Pacific Strategic Blueprint

As the economic stature of the Asian Pacific region keeps rising and American interests there continue to grow, the region has come to occupy a highly prominent spot in America's global strategy. All the signs indicate that instead of focusing on Europe, that strategy is shifting its emphasis to Asia as well. Building on the "new Pacific partnership" first proposed by Bush in 1989, America put forward in November 1991 the concept of a Pacific community, a fan-shaped structure based on North America. Its backbone is the U.S.-Japanese alliance. To the north is the alliance between the U.S. and South Korea, to the south is ASEAN, and further south is Australia. Linking them together into a network is the Asia Pacific Economic Cooperation [APEC]. In time, China and Russia too, will be "drawn into the community." ("America in Asia: Vision of An Emerging Pacific Community," by James Baker III, in FOREIGN AFFAIRS, Winter 1991) As envisioned by Bush and Baker, the Pacific community rests on three pillars:

(1) Economically, it establishes an open "framework for economically integrating the Asian Pacific region." Its thrust is to expedite the development of APEC into a major mechanism for the growth of the market economy and the liberalization of global and regional trade, and hence the principal forum for promoting Asian Pacific regional political cooperation and fostering the consciousness of an Asian Pacific community. The United States is opposed to the establishment of an Asian economic sphere centered upon Japan or any Asian economic bloc from which it would be excluded. It aims to further open up the Asian Pacific area as a market for itself and gradually bring together APEC and the North American free trade zone in order to expand America's sphere of influence and be able to compete with the European Community.

(2) In security matters, establish a "flexible and powerful security system." The guiding philosophy behind the new strategy is as follows: 1) In the past, America's military presence and mission in the Asian Pacific area was focused on containing the Soviet Union. Now it is the role of the military to be a "balancer in geopolitics" and eliminate "destabilizing factors." 2) In accordance with the principle of streamlining the military while making it more efficient and cutting costs, the U.S. will gradually reduce the number of troops stationed in Asia, at the same time improving the quality of the forces and their capacity for rapid deployment. 3) Maintain the existing network of security arrangements while demanding that Japan and other allies share defense responsibilities and shoulder a larger portion of the costs of stationing troops. 4) Explore new ideas of maintaining security in the Asian Pacific area. Establish a "multilateral consultation mechanism" targeting specific security issues in the Asian Pacific area and seek appropriate solutions. As examples of effective multilateral consultation, Baker points to the agreement worked out by the five permanent member nations of the Security Council and ASEAN that will serve as a framework for a political solution to the Cambodian problem and the semi-official forum presided over by Indonesia for ending the disputes over the islands in the South China Sea. He notes that in the future the Korean question might be worked out following a similar "multilateral" principle. 5) Disperse the forces formerly stationed at U.S. bases in the Philippines. Clark Air Force Base will be moved to Guam, while Singapore will replace Subic Bay as the Seventh Fleet's logistical base. In addition, America will work to increase bilateral military cooperation with other ASEAN member nations to fill the gap in the Asian Pacific security network.

(3) Politically, make a mighty push for democratization in Asia to deepen the Pacific community's "shared values." As America sees it, democratization still faces all sorts of resistance in the Asian Pacific area. Even as it encourages Mongolia to take up the democratic system, it is exerting every political and economic pressure on countries that insist on going their own independent way, including Burma, China, Korea, and Vietnam. Meanwhile, it has been urging Japan to link development aid with human rights issues in the latter's policy toward China.

In short, the U.S. is set on building a post-cold war U.S.-led new order in the Asian Pacific region on the economic, political, and security levels in accordance with the new strategic blueprint outlined above in order to preserve and expand its economic and strategic interests in the region.

#### 3. Direction in the Adjustment of America's Asian Pacific Policy

The basic contents and direction of the adjustment of America's Asian Pacific policy cover the following six broad areas:

(1) Give new substance to the U.S.-Japanese alliance and further consolidate the U.S.-Japanese global partnership. The U.S.-Japanese alliance is the axis of the "Pacific community." Baker emphasizes that after the cold war "nothing is more important to Asian Pacific regional security, global economic growth, and the working of the international system than U.S.-Japanese relations." However, U.S.-Japanese relations today are beset with problems. To begin with, now that the threat from the Soviet Union has disappeared, the cohesiveness of the U.S.-Japanese alliance has been much weakened and needs to be shored up urgently. Second, there are indications that U.S.-Japanese frictions, already severe, may spread to the political and security realms. An effective way to ease bilateral tension, therefore, is desperately needed. Moreover, there is dissatisfaction on America's part with Japan's failure to seriously assume responsibilities in global issues. It demands that Japan further coordinate "diplomatic and economic actions" with Washington and "take up more extensive responsibilities globally." The "Tokyo Declaration" issued by President Bush during his trip to Japan early in the year and the "action plan" that will actually implement the declaration are precisely a product of America's quest to reshape U.S.-Japanese relations and seek an accommodation with Tokyo. The declaration and the action plan spotlight some of the new features of U.S.-Japanese relations: 1) U.S.-Japanese relations have changed in new ways. In the past, the U.S.-Japanese alliance was largely confined to defense matters and the political arena. Now it has been expanding into all other spheres. It is now Asia-Pacific-wide, even global, instead of being merely bilateral. The new alliance is no longer the principal-subordinate relationship of yesteryear, in which the U.S. undertook obligations unilaterally toward Japan, but has become a partnership between equals in which both sides assume "special responsibilities" for establishing a new world order. 2) Fundamental economic conflicts between Japan and the U.S. have proved highly resistant to solution. During Bush's trip to Japan at the beginning of this year, Japan, responding to enormous pressures, verbally agreed to increase auto, auto parts, and computer imports from the U.S. within the next 3 years (Japan is to import an additional 20,000 American cars each year and boost auto parts imports to \$1.9 billion in 3 years) but refused to budge on the rice imports issue. Already Japan's limited concessions have provoked intense dissatisfaction in America from top to bottom. The American media called Bush a "third-rate auto salesman" and his Japan trip a "disaster." 3) There is mutual dependence between the U.S. and Japan, with each wanting something from the other. To establish the "new world order," the U.S. must rely on Japan's economic muscle to make up for its own weakness. Japan, for its part, hopes to use America to raise its own stature in international affairs and further project the image of a "political power." Looking toward the 1990's, U.S.-Japanese economic frictions will continue to deteriorate, possibly leading to political conflicts. On the other hand, the two sides share common interests and values, in addition to being dependent on each other.

Bilateral relations will continue to be a partnership featuring both intense competition, on the one hand, and cooperation and mutual dependence, on the other.

(2) Using the prevention of nuclear proliferation as the main issue, the U.S. will seek to influence the development of events in the Korean peninsula in a way favorable to itself. Since September last year, the U.S. has withdrawn nuclear weapons from South Korea, allowed the north to inspect American bases in South Korea, and agreed to cancel its military exercise "Team Spirit-92" in return for an agreement by North Korea to conclude a nuclear safeguard treaty, accept nuclear inspection, and denuclearize the peninsula. The U.S. intends to take advantage of the current opportunity to influence the development of events in the Korean peninsula in a way favorable to itself. Its basic game plan is as follows: 1) Develop an "equal partnership" with South Korea. Beef up South Korea's military forces and let it play the "leading role" in military matters. Support the modernization of the South Korean military, at the same time speeding up the modernization of the weapons of U.S. forces stationed in Korea. Increase the number of "Patriot" missiles deployed in the south. Conclude a "U.S.-Korean Wartime Support Agreement." 2) Strongly support No Tae-u's northern strategy to wipe out the nuclear potential of the north. Coax the north to open itself up and embark on gradual "economic and political pluralization." 3) Diligently search for ways to create a multilateral mechanism linking the U.S., Japan, China, Russia, and North and South Korea (2 plus 4) to ensure a political solution to the Korean problem. Baker said, "The security threat in the Korean peninsula can be solved within a multilateral framework." "European-style trust-building measures" may be used to ease the tense situation and then cut back on armaments. (From a speech given by James Baker III at the Japanese Institute of International Affairs on 11 November) 4) Put pressure on North Korea and coax concessions from it even as efforts are made to improve relations. On the one hand, the U.S. has upgraded the level of bilateral political dialogue, holding the first high-level meeting with North Korea in over 40 years in New York on 22 January. On the other hand, it has forced the north to accept nuclear inspection by suspending the second stage of its troop withdrawal plan. The pace of the normalization of U.S.-N. Korean relations will depend on the latter's willingness or otherwise to accept stringent nuclear inspection and on progress in the north-south dialogue.

(3) Maintain the basic framework of U.S.-Chinese relations and actively create a "climate that will ultimately induce change in China." Basically this is how the U.S. looks at China: 1) "China is a key nation" whose "international role" cannot be overlooked in the wake of the disintegration of the Soviet Union. When it comes to peace and stability in the world, especially the Asian Pacific region, America these days cannot exclude China. It will not be in America's interest to isolate China. 2) Unlike the former Soviet Union, China's

economy has been developing steadily and its open policy continues to expand. The existing regime has turned out to be more stable than America expected, so Washington cannot be impatient in pushing for change in China. 3) Be that as it may, the "transformation of China is inevitable." Right now it is in a "transitional stage." "Today China's market economy is growing rapidly and economic pluralization is well under way. Internally, the dispersal of power is irreversible." (From an article by Shapiro in the American journal FOREIGN AFFAIRS, Winter 1991) "A crucial change is taking place in the coastal region of Guangdong: The emergence of a market economy that is asserting its independence in major ways from the command economy of the central government." (Remarks by Richard Schifter, assistant secretary of state for human rights and humanitarian affairs, in response to a reporter's question at a news conference on 31 January 1992) Based on such thinking, America takes pains to avoid "sharp reversals" in bilateral relations. On the one hand, it wants to maintain "constructive contacts," preserve the basic framework of U.S.-Chinese relations, and "encourage China to integrate itself into the world economy." On the other hand, it would continue to put pressure on China when it comes to matters like human rights, trade, and arms control, imagining that this would create a climate favorable to change. In general, U.S.-Chinese relations have been restored but not fully normalized.

(4) Strengthen relations with ASEAN and gradually normalize relations with Vietnam. ASEAN is the focal point of America's contacts with Southeast Asia. America has close economic, political, and security relations with ASEAN member nations. Economically ASEAN is America's fifth largest trading partner while America is ASEAN's largest market. Politically, the U.S. is a major "dialogue nation" with ASEAN, with the two maintaining good cooperative relations on such issues as the Cambodian problem. Militarily, America has long-standing ties with the Philippines and Thailand. After the U.S.-Philippine treaty on military bases expired, the U.S. stepped up military cooperation with Singapore and explored the possibility of using the military facilities in Malaysia, Indonesia, and Brunei "on a commercial basis." With their strategic location and vital role in Asian affairs, ASEAN nations will be an essential component of the "Pacific community" advocated by the U.S. In the future the U.S. will strengthen its relations with ASEAN nations across the board. After agreement is reached on a political solution for Cambodia, the U.S. hopes to draw Indochina into the ASEAN mainstream and open up a new era in Southeast Asia. The normalization of U.S.-Vietnamese relations is currently under way. While the U.S. Government has been hanging tough on the issue of missing U.S. servicemen, its business community and some members of Congress have been urging the government to normalize relations with Vietnam as soon as possible in order to capture the Indochinese market. It seems that provided Vietnam

makes some additional "substantive concessions" on the MIA issue, the normalization of bilateral relations may quicken.

(5) Establish closer ties with Australia. The U.S. considers Australia a "major political, economic, and security partner" and a "powerful link" between itself and the South Pacific, and highly values the vital role it plays on the Cambodian issue, at APEC, and in the South Pacific area. With ANZUS divided because of the deep rift between the U.S. and New Zealand over nuclear weapons, the U.S. looks to Australia to work on New Zealand to change the latter's attitude and bring ANZUS back to life.

(6) Take Russia's role and stature in the Asian Pacific area seriously with a view toward incorporating it into the orbit of Washington's Asian Pacific strategy. The U.S. sees Russia as playing an increasingly active role in the Asian Pacific area following the disintegration of the Soviet Union. The opening of Vladivostok, the establishment of the Nakhodka Free Trade Zone, and the flexibility Russia has demonstrated in handling the northern territories issue all indicate that Russia is taking "important steps" to "pave the way for more extensive participation in the Asian Pacific community." (Article by James Baker III in FOREIGN AFFAIRS, Winter 1991) Baker has not only expressed hope that Russia would "draw closer to the Pacific community," but has also stressed that there is considerable potential for "new forms of cooperation" between the U.S. and Russia on Asian Pacific matters. It is worth noting that a number of leading American scholars have proposed that U.S., Japan, and Russia work together to create a certain kind of "multilateral consulting mechanism" to deal with matters of peace and stability in the Asian Pacific region to induce other nations to take "coordinated steps." This practice is really not advisable.

America's new "Asian Pacific strategy" and the readjustment of its Asian Pacific policy is expected to reap a measure of success. This is because as a superpower that has been operating in the region for a long time, the U.S. exerts a unique influence and plays a role that cannot be completely replaced. In the emerging situation, some Asian Pacific countries would still like to see America maintain a military presence of a reasonable magnitude in the region. Thanks to its power, the U.S. may serve as the "balancer in Asian Pacific geopolitics" and give itself more room for diplomatic maneuvering. Now that the cold war is over, however, "economic forces more and more are replacing military power as the decisive factor in measuring the strength and influence of a nation." (Testimony by Solomon, assistant secretary of state for East Asian and Pacific affairs, to the House subcommittee on Asian and Pacific affairs on 6 March 1991.) An America whose economy is in relative decline is clearly at a disadvantage as it jockeyes for economic dominance in the Asian Pacific region. With its rapidly expanding economic might, Japan is in the midst of a quest for a central role in Asian Pacific affairs. As time goes on, frictions and competition between Japan and the U.S.

will intensify. As for China, its economy is developing on a daily basis, perhaps even to the point of "causing profoundly significant changes by tilting the balance of power in the region against America and Japan." (In Zbigniew Brzezinski's words) Exerting a growing centripetal pull, ASEAN is bringing about economic and political cooperation at deeper levels between its members, at the same time playing an increasingly important role in Asian Pacific affairs. More and more Asians are calling for the exclusion of outside interference and the creation of a new regional security order by relying on its own strength. There is a growing sentiment for Asians to lead Asia. All this portends endless problems for America as it pushes for a U.S.-led "Asian Pacific new order" and puts its Pacific community strategic blueprint into effect.

**Article Views U.S. Strategy Toward Asia, Pacific**  
*OW1305004892 Beijing GUOJI WENTI YANJIU*  
*in Chinese No 2, 13 Apr 92 pp 41-45*

[Article by Guo Xiangang (6753 2009 4854): "The U.S. Readjusts Its Strategy Toward Asia and the Pacific"]

[Text] Since Bush moved into the White House, the world situation has undergone tremendous changes the likes of which have not occurred since the end of World War II. To adapt to the new situation, the Bush administration has gradually reviewed and revised its strategy toward Asia and the Pacific as part of the effort to readjust its global strategy. U.S. Secretary of State Baker recently advanced the concept of creating a "stable and prosperous Pacific community structure" by strengthening economic integration, promoting "democratization", and forming a new defense structure. He also proposed a theory on creating a "fan-shaped structure" <sup>1</sup> by which the United States would expand its involvement in the Asia-Pacific region. The concept and theory expound, in a fairly systematic way, the Bush administration's readjustment of its strategy toward Asia and the Pacific. It is not difficult to detect the framework, principles, and goals of the new U.S. strategy toward Asia and the Pacific.

### **I. Reasons for Readjustment**

After the 1970's, the United States was compelled to pursue a strategy of countering the Soviet Union by joining forces with most Asian-Pacific countries, including China and Japan, because of the Soviet Union's aggressive expansionist drive. The Bush administration's readjustment of the U.S. strategy toward Asia and the Pacific in recent years was precipitated by the new geopolitical and geoeconomic structure in the world.

#### **1. The Disbandment of the Warsaw Pact and the Breakup of the Soviet Union Have Removed the Threat to the United States**

Although the process of detente between the United States and the Soviet Union accelerated during Reagan's second term of office, antagonism between the two sides

remained strong. In the early years of the Bush administration, the United States maintained a high level of vigilance against the Soviet Union; it even greatly puzzled over the rapid process of detente. Toward the end of 1989 and thereafter, the former socialist countries of East Europe changed their systems and allied themselves with the West. The Warsaw Pact, originally created as a counterweight to NATO, became a nominal alliance and was forced to disband, thereby bringing to an end the East-West cold war that had existed for more than four decades. In the meantime, the Soviet Union unilaterally withdrew its troops from Cam Ranh Bay and Mongolia. It experienced worsening domestic economic crises and escalating ethnic conflicts. In particular, the 19 August incident deprived the Communist Party of the Soviet Union of its political power and hastened the union's disintegration. Gorbachev resigned at the end of 1991, signifying the union's formal breakup and prompting the former constituent republics to declare independence and align themselves with the West. The Russian Republic, which was the largest of the republics, announced its plans to stop targeting the nuclear weapons within its boundaries on the United States. In the opinion of the United States, the former Soviet Union, or Russia, cannot possibly become a strong rival for some time to come. This naturally dictates a readjustment of the U.S. strategy toward Asia and the Pacific, which is primarily designed to prevent Soviet expansion.

### **2. The Asia-Pacific Regional Pattern Tends To Become Multipolarized**

Following the dissolution of the Soviet Union and the end of the cold war, the bipolar world pattern has been broken and the balance of power in the Asia-Pacific region has changed. Socialist China has greatly strengthened its national power after more than 10 years of reform and opening up to the outside world, and it has become an important force in stabilizing the situation in the Asia-Pacific region. Japan is not content with being only an economic power and is actively seeking the position of a political power. In the wake of the disappearance of the Soviet threat, the extent of Japan's dependence on U.S. military protection has greatly decreased. Member countries of ASEAN have steadily strengthened their economic power and increased their influence in the Asia-Pacific region. The U.S. position in the Asia-Pacific region has decreased, but it is still the most powerful country in the region in terms of combined national power. The Soviet Union has dissolved, but Russia is still a big power in the Asia-Pacific region in view of its population, territory, and military strength. Thus, a relatively independent multipolar pattern has been formed by China, the United States, Japan, Russia, and ASEAN in the Asia-Pacific region. The United States is convinced that its strategy for the Asia-Pacific region based on the bipolar pattern of the cold war period cannot cope with the new situation and that it is necessary to make adjustments.

### **3. The Economy of the Asia-Pacific Region Has Become Increasing Important in the World**

Since the 1970's, the Asia-Pacific region's economic strength has been rapidly increasing. Japan, in particular, has exceeded the United States in terms of per capita GNP since 1987 and has become an economic superpower. The "four little dragons"—namely, Hong Kong, Singapore, Taiwan, and South Korea—almost doubled their GNP in the second half of the 1980's. The economies of Mainland China, Thailand, Malaysia, and Indonesia have also showed the trend of taking off in recent years. The wonder of East Asia's economy has promoted trade between the United States and the region. By the early 1990's, the amount of trade between the United States and Asia-Pacific area countries had already reached \$400 billion per annum, one-third more than the amount of trade between the United States and countries from the other side of the Atlantic Ocean. Some people even held that the center of the world's economy has shifted from the Atlantic to the Pacific. The United States on the east coast of the Pacific has numerous economic contradictions with Japan on the other side of the Pacific and worries about Japan's using its economic power to squeeze the United States out and establish economic hegemonism in the Asia-Pacific region, a place full of vitality. Therefore, some important officials of the Bush administration repeatedly stressed recently that the United States is not only an Atlantic country but also a Pacific country and that it should be involved in the Asia-Pacific region economically as well as politically and militarily.

### **4. The Economic Power of the United States Has Been Decreasing**

While the economic power of U.S. allies is increasing, the proportion of the U.S. GNP in the world has decreased from 45 percent in the initial period following World War II to about 25 percent at present, and its financial and trade deficits remain very high under the imbalanced development of its capitalist economy. Although the United States was capable of taking large-scale military action during the Gulf crisis, it could not but forcibly request "assistance" and financial support from various sides. Its economic power is increasingly disproportionate to its global "obligations." The United States held that its rich allies in the Asia-Pacific region should make greater contributions to the U.S. "frontal defense" in the region.

## **II. The Framework and Principles of the New Strategy**

During the cold war, the United States focused its Asia-Pacific strategy on military affairs to prevent the Soviet Union's widening influence in the Asia-Pacific region. By entering into bilateral military agreements with its allies in the region, the United States established a "forward defense" system in the West Pacific based primarily on its military force; unlike Europe, it did not create multilateral organizations along the lines of NATO or the Conference on Security and Cooperation

in Europe. The United States has maintained its military presence in the Asia-Pacific region since Bush reworked U.S. strategy toward the region; however, it has begun to increase its economic and political involvement in the region, directing the framework of its Asia-Pacific strategy away from military engagements to economic, political, and military involvement. Additionally, it has modified its "bilateral principles" to a combination of "bilateral" and "multilateral" principles.

### **1. Efforts Will Be Made To Advance the U.S.-Led Process of Economic Cooperation and Integration in the Asia-Pacific Region**

During the Reagan administration, the United States expressed keen interest in promoting economic cooperation and integration in the Asia-Pacific region, although it did not initiate any major steps toward this end. After Bush came to power, the United States assumed a more "active" attitude and began to initiate substantive actions.

The Bush administration created structural mechanisms to ensure the U.S. influence on the process of fostering economic cooperation and integration in the Asia-Pacific region. In June 1989, U.S. Secretary of State Baker called for establishing a "Pan-Pacific Economic Alliance," which would include the United States, Japan, and other countries. He also outlined the key principles—market economics and free trade—for instituting a new mechanism for promoting economic cooperation in the Asia-Pacific region. Five months later, the United States and 11 Asian-Pacific countries jointly founded a ministerial-level Asia Pacific Economic Cooperation [APEC] conference in accordance with the above-mentioned principles. Though not a close-knit organization, APEC differs from the private "Pacific Economic Cooperation Commission" in that it provides an official conduit for the United States to "participate" in and affect the process of promoting economic cooperation and integration in the Asia-Pacific region. A permanent agency of the organization will probably be created in the future. The Bush administration has called the establishment of the organization "a milestone in Asia-Pacific economic cooperation." The United States has devoted greater attention to economic cooperation in the Asia-Pacific region following the end of the cold war. According to the concept recently outlined by Baker regarding a new U.S. strategy toward Asia and the Pacific, economic cooperation and integration in the Asia-Pacific region is considered the first pillar of the U.S.-proposed "Pacific community structure"<sup>2</sup> as well as an organ linking various spokes with the main stem in the "fan-shaped structure" by which the United States will involve itself in the Asia-Pacific region.

To let more American products enter the Asia-Pacific area, the Bush administration has increased pressure in trade, asking other Asia-Pacific countries to eliminate their trade barriers. By so doing, the United States will be able to reduce its trade deficit on the one hand and, on the other hand, will be able to promote free trade in the

Asia-Pacific region, which will help the United States materialize its goal of speeding up the process of Asia-Pacific regional economic cooperation and unification. For this reason, the United States has targeted Japan, which is a great economic power. Through several rounds of hard negotiations, the United States finally forced Japan to sign an agreement on eliminating Japan's structural trade barriers. The main purpose of Bush's visit to Japan in January this year was to ask Japan to import more American products. The "Tokyo Declaration," issued after the talks between the two heads of state, also reiterates the principle of free trade and opposition to protectionism. This actually was to ask Japan, which had enjoyed a large surplus in its trade with the United States, to reform its trade system and to lift all kinds of restrictions that had blocked American products from being imported into Japan. At the same time, the United States also applied pressure to varying degrees on China, Australia, South Korea, and ASEAN, asking that these countries and organizations open their doors wide to American products.

## 2. Accelerate the Process of "Democratization" in Asia

In the late 1970's, the Soviet Union invaded Afghanistan and supported Vietnam in invading Cambodia. Under such circumstances, the United States, for geopolitical reasons, had no choice but to unite all Asian countries that it could to counter the Soviet Union. But, since the late 1980's, following the change of political systems in East European countries and the disintegration of the Soviet Union, the Bush administration has believed that the Soviet threat has basically diminished and that the United States can free its hands to vigorously accelerate the process of Western-style "democratization" in Asia. For this reason, the United States has used "human rights," "democracy," and other issues to apply pressure on socialist countries in Asia in an attempt to bring about "positive changes" within these countries.

Compared with U.S. Asia-Pacific strategy in the past decade and more, ideology has played an apparently more important role in the Bush administration's new Asia-Pacific strategy. Major leaders of the U.S. Government have made no secret of this and have claimed that they will use promoting "democratization" in the Asia-Pacific region as the second pillar for setting up the "structure for the Pacific Community."<sup>3</sup> Recently, Bush also has repeatedly declared that the United States will do its best to support the "democratic" system in the Asia-Pacific region.<sup>4</sup>

## 3. Militarily Pursue the Strategy of "Cooperative Alertness"

Since the end of World War II, building a "forward defense" system in the Asia-Pacific region to check the Soviet Union has been the core of U.S. military strategy in Asia-Pacific. Since Bush became U.S. President, because the U.S. economy has comparatively further declined and because its allies' economies have continued to expand, the United States has taken two steps

to readjust its "forward defense" system while maintaining its military presence.

First of all, the United States holds that its assuming the main "obligation" in the "forward defense" system should be changed so that its Asia-Pacific allies assume a greater "obligation." In April 1990, the Bush administration put forward a proposal to Congress on reducing U.S. forces in Asia by 11 percent in three stages, and on further reducing its armed forces in the middle and latter part of the 1990's. Meanwhile, the United States has asked Japan and South Korea to strengthen their own national defense and shoulder more of the financial burden for U.S. forces in Asia. Besides, the United States has also asked Japan to take part in the mutual exchange of advanced military technologies.

Second, the "forward defense" system will no longer serve to mainly guard against the Soviet Union. In 1991, the Pentagon submitted a report to Congress entitled "The Strategic Structure of the Asia-Pacific Region," in which it clearly noted: "The Soviet Union is no longer considered a serious threat." Therefore, "the (military) existence of the United States in that region is not merely directed against the Soviet Union."

Regarding the above-mentioned new defense structure, the Pentagon calls it by the fine-sounding name "cooperative precautions."<sup>5</sup> Baker called it the third pillar for the "structure of a Pacific community."<sup>6</sup>

## 4. A "Bilateral Policy" and "Multifold Policy" Will Be Used Simultaneously

Prior to the Bush administration, the United States had adopted a "bilateral policy" on the issue of Asia-Pacific security and on solving hot issues. In other words, the United States cooperated with concerned countries respectively, through various ways, in order to contain Soviet expansion. Since Bush entered the White House the Soviet threat has weakened and disappeared. The United States is no longer worried about the Soviet Union's call to establish an Asian security system to weaken U.S. influence in the region. Therefore, the United States will not merely adopt its "bilateral policy" but will simultaneously apply a "multifold policy." It will enlist the Soviet Union along with the United Nations and other concerned nations in jointly solving security problems and hot issues in the Asia-Pacific region. The most conspicuous instance is the Cambodian issue. In July 1990, the United States, after coordinating with the Soviet Union, announced that it would no longer recognize the legitimate seat of the Coalition Government of Democratic Kampuchea. Later, the Soviet Union joined efforts to implement plans for the political settlement of the Cambodian issue sponsored by the United Nations. Following the agreement on the Cambodian issue, the United States again repeatedly expressed that it will also adopt a "multifold policy" in solving disputes concerning islands in the South China Sea and the Korean peninsula issue, and will not be limited to using a "bilateral policy" as in the past.<sup>7</sup>



The "multifold policy" is in fact the United States applying the Bush doctrine of stressing international cooperation to solve regional conflicts in the Asia-Pacific region under the new situation. Although the United States is so far not in favor of establishing a multilateral security organization in Asia, like the Conference on Security and Cooperation in Europe (CSCE), its attitude may change when the "multifold policy" is used more frequently to solve specific problems.

### III. The Goals of the New Strategy

The Bush administration has repeatedly said that its readjustment of the U.S. strategy toward Asia and the Pacific is aimed at maintaining stability in the region. In reality, however, there are more complex goals.

#### 1. To Build a New Order in the Asia-Pacific Region

U.S. efforts to establish a new world order require a shift of focus from military to economic and political affairs on the part of the Bush administration in readjusting its Asia-Pacific strategy. As envisioned by the United States, the process of promoting economic cooperation and integration in the Asia-Pacific region is based on integration in accordance with the principles of market economics and free trade; the implementation of Western political systems in the Asia-Pacific region through "democratization"; and the establishment of a new Asia-Pacific defense structure as a means of providing more effective guarantees for a U.S. military presence in the region. In short, the Bush administration's overall vision is to promote the integration of the political and economic systems of various countries in the region according to Western values through the implementation of a new strategy. The move, coupled with the "protection" afforded by U.S. military forces, will enable the United States to create a "Pacific community structure" in building a new Asia-Pacific order under its leadership.

#### 2. To Serve As a "Balance Wheel" in Preventing Other Great Powers From Dominating the Asia-Pacific Region

During the 1970's and 1980's, the overriding primary goal of the U.S. strategy toward Asia and the Pacific was to join forces with most of the Asian-Pacific countries in countering Soviet expansion in the region. After Bush moved into the White House, he readjusted the U.S. strategy toward the region and stopped regarding the Soviet Union as the main enemy. However, he still insisted on preserving the "forward defense" system with a view to playing a geopolitical balancing role in the Asia-Pacific region and to serving as "an honest broker." This is the role of the so-called "balancing wheel."<sup>8</sup> It marks a return to the traditional balance-of-power theory in the U.S. Asia-Pacific strategy following the disappearance of the Soviet threat. Through this reversal, the United States is attempting to play an irreplaceable leading role in the Asia-Pacific region by serving as "a fair judge and policeman" for the various countries there.

#### 3. Fueling U.S. Economic Recovery With the Help of the Economic Might of the Asia-Pacific Region

The United States has failed to halt its economic decline despite a variety of measures taken in recent years. This failure has turned the Bush administration's attention to the economically prosperous Asia-Pacific region. The administration has applied pressure on Asian-Pacific countries to eliminate tariff "barriers." Acting on the principles of market economics and free trade, it has advanced the process of promoting economic cooperation and integration in the Asia-Pacific region as a means of widening the access of U.S. products to the markets there and of solving the United States' chronic huge trade deficits with the region. It has asked its allies, such as Japan and South Korea, to finance its overseas "obligations" in an effort to save the country's military spending and reduce its budget deficit. The United States believes that its economy will rebound if it defuses the domestic crisis of twin deficits.

#### 4. Prevent Japan From Controlling the Process of Asia-Pacific Economic Cooperation and Unification

Since the 1980's, on many occasions Japan's academic circles have put forward the "wild goose formation" theory [yan xing jie gou 7159 5887 4814 2845] in which Japan serves as the leading wild goose in leading the economic development of Asian countries. Although the Japanese Government has never openly given its support to this theory, the United States has been very alert to it. The U.S. WALL STREET JOURNAL rebuked Japan for attempting to use economic means to build the "Great East Asia Sphere of Common Prosperity", which it could not materialize using military means. Also, the United States was worried that Japan might take advantage of Malaysia's proposal made last year to establish an East Asia economic group, and cautioned Japan to keep its hands off the matter. Apparently, in order to "actively" participate in the process of Asia-Pacific economic cooperation and unification, the United States, in addition to establishing the principle of a market economy and free trade in the Asia-Pacific region, has tried to prevent Japan from dominating the Asia-Pacific regional economy, which is also one of the main objectives of the U.S. Asia-Pacific strategy.

### IV. The Prospects of the New Strategy

Since the cold war ended, the United States has become the only superpower. Although its economy is in decline, viewed from overall national strength, it is still the world's No. 1 power. Besides, some Asia-Pacific countries and regions still need U.S. military protection. All this helps the United States to pursue its new Asia-Pacific strategy. However, because of the political, economic, and cultural diversity and complexity of the Asia-Pacific region, the new Asia-Pacific strategy will also face many adverse factors, or may even produce some kinds of negative influences.

### **1. The United States Is Unlikely To Realize the "New Order" It Anticipated in the Asia-Pacific Region.**

The U.S. intention to promote the political and economic systems of the West in the Asia-Pacific region and to establish a U.S.-led "Pacific community structure" there is just wishful thinking. This is because the socialist systems upheld by regions in Southeast Asia, which account for the majority of its population, are historical choices made by the people of these regions after prolonged explorations and struggles. Changes like those occurring in Eastern Europe and the Soviet Union are unlikely to take place in China, in particular, because of the enormous success China has achieved in carrying out its reform and opening programs, and also because of the improved living standards and social stability which the Chinese people have been enjoying. Moreover, since most Asian countries had been victims of colonial rule and Western oppression, they are deeply wary of the "free trade" principle which the United States has been promoting in the Asia-Pacific region. Malaysia's proposal to establish an "East-Asian Economic Bloc" (which was later changed to become the East-Asian Economic Forum) is one example. Furthermore, Asia, where oriental culture prevails, has its own peculiarities and coherent strength, and therefore it is quite capable of resisting the irrational parts of the Western culture. This being the case, a new order cannot possibly take shape in the Asia-Pacific region on the basis of a single concept of value or social mode.

### **2. Japan Will Restrain U.S. Intention To Dominate the Progress of Economic Cooperation and Integration in the Asia-Pacific Region.**

So far, the fight between the United States and Japan in the economic sphere is basically within the bounds of their bilateral relations. However, as the progress of Asian and Pacific economic cooperation and integration picks up speed, the United States certainly will, through its control over various cooperative organs in the Asia-Pacific region, vie for support from countries in the Asia-Pacific region which are dissatisfied with Japan's economic infiltration. The United States will do this in an effort to press Japan to eliminate U.S. trade deficits and do away with its tariff barriers. Consequently, Japan certainly will counterattack with its economic strength and fight the United States for leadership over the progress of Asian-Pacific economic cooperation and integration. Therefore, there will be sharp contradictions between the U.S. "fan-shaped structure" theory, which underscores U.S. economic involvement and leadership in the Asia-Pacific region, and Japan's "flying-geese structure" theory, by which Japan attempts to act as the lead goose guiding Asia's economic development. It appears that the Bush administration will not easily open this fan in its strategy for the Asia-Pacific region.

### **3. The System of "Frontal Defense" Will Encounter Even More Challenges.**

The deployment of U.S. military forces in Asia was for the purpose of preventing Soviet expansion. But this

prerequisite for the deployment of U.S. troops in Asia no longer exists following the conclusion of the cold war and the disintegration of the Soviet Union. Moreover, because of the economic takeoff and rising national awareness in Asia, people in Asia have become even more dissatisfied with the presence of U.S. military forces in Asia. This tendency can be explained by the Philippine Senate's act in September 1991 to veto the U.S.-Philippine accord on extending the use of U.S. bases in the Philippines. We can anticipate that, as the economy in the Asia-Pacific region continues to develop, Asian people's national awareness will continue to rise, those voices calling for a U.S. military withdrawal will become even louder, and the "frontal defense" system will become increasingly difficult to maintain.

### **4. Objective Developments May Enable Japan To Become a Military Power**

Quite a number of people in the U.S. ruling clique subjectively maintain that Japan will not pose any military threat to the world in general and the Asia-Pacific region in particular as long as Japan is kept from becoming a nuclear power and encouraged to strengthen its defense capabilities and undertake more military "obligations" overseas on behalf of the United States. These people simply do not understand that it is extremely easy for Japan to become a nuclear power because of its strong economic and scientific-technological prowess. Japan's military expenditures are already the third highest in the world today. The small number of ultra-rightists in Japan are also extremely arrogant. They deny that Japan had committed any crime during World War II, and they proposed that Japan and Germany should become permanent members of the UN Security Council, replacing China, the Soviet Union, Britain, and France. Although the "Bill on United Nations Peace Cooperation" which Japan introduced during the Gulf crisis was aborted, it showed Japan's strong desire to become a military power. Since the United States, for the sake of its short-term interests, has encouraged Japan to increase its military expenditures and send troops overseas, instead of watching out for these signs, it may eventually cause Asia new problems and also jeopardize U.S. interests in the Asia-Pacific region as well.

In short, the purpose of the United States in readjusting its strategy in the Asia-Pacific region is to establish a U.S.-dominated new order in the Asia-Pacific region, and to expand the United States' political, economic and military influence in that region. But the United States may not be able to achieve its objective owing to restraints from various factors.

#### **Footnotes:**

1. In a speech he made at the Japan Institute of International Studies on 11 November 1991, U.S. Secretary of State Baker described U.S. involvement in the Pacific region as an open fan facing westward, with the United States being the pivot. The fan's main support—

U.S.-Japan alliance—is flanked by three other supports made up by U.S. respective alliances with South Korea, ASEAN members, and Australia. The progress of Asia-Pacific economic cooperation based on common interests serves as the fiber which organically connects the mainstay and other shafts of the fan. The difference between this “fan-shape structure” theory and the United States’ previous strategy in the Asia-Pacific region is that this theory emphasizes the need for the United States to exercise leadership in the Asia-Pacific region through economic involvement.

2, 3, 6, 7. Article by U.S. Secretary of State Baker: “United States in Asia: A Looming Pacific Community,” published in the U.S. Foreign Affairs Quarterly, 1991 Fall edition.

4. Speech by U.S. President Bush at the Asian Institute on 12 November 1991.

5. Speech by Carl Ford, U.S. assistant secretary of defense, at a symposium sponsored by the U.S. Defense College in Honolulu on 2 March 1991.

8. Report entitled “The Strategic Structure in the Asia-Pacific Region” which the U.S. Department of Defense submitted to the U.S. Congress in 1991.

## Soviet Union

**Ex-Soviet Republics’ Diplomatic Direction Viewed**  
92CM0300A Beijing XIANDAI GUOJI GUANXI  
[CONTEMPORARY INTERNATIONAL RELATIONS]  
in Chinese No 2, 30 Apr 92 pp 3-7

[Article by Chen Mingshan (7115 2494 1472): “Basic Diplomatic Direction of Ex-Soviet Republics”]

[Text] On 8 December last year, the heads of the three former Soviet republics of Russia, Belarus, and Ukraine signed an agreement in Minsk setting up the Commonwealth of Independent States [CIS], declaring that the Soviet Union “no longer exists as an international legal entity and geopolitical reality.” On 21 December, the heads of government of 11 former Soviet republics met in Alma-Ata and signed a protocol to the CIS treaty. On 25 December, Soviet President Mikhail Gorbachev announced in a live televised address his resignation as president and commander in chief of the armed forces. At 1938 the same day, the Soviet flag that used to fly atop the Kremlin was lowered for the last time; the Union of Soviet Socialist Republics disintegrated and disappeared after existing 74 years on the face of the Earth. Documents setting up the CIS stipulate that all 11 republics are equal sovereign states free to conduct their own independent diplomatic activities. Below is a brief description of some of the more important developments in the last couple of months in the seven or eight republics which make up part of the CIS.

1. With the CIS unable to put together a unified mechanism to conduct foreign affairs centrally, the various republics are on their own diplomatically.

After the CIS was established, some republics such as Russia had proposed talks among the member nations to work out a general coordinating mechanism and consulting mechanism for foreign and diplomatic activities. This proposal, however, generated no approval or support among other member nations. President Leonid Kravchuk of Ukraine said explicitly that the CIS would not “play any role at all in foreign policy.” “We have no plan to set up a CIS agency that will operate in its name on the international stage.” “Ukraine should be a member of the family of Europe enjoying equal rights.”<sup>1</sup> Shushkevich, chairman of the Supreme Soviet of Byelarus, also said that “turning the CIS into something similar to the old central machinery would be a threat to the CIS itself.” President Nazarbayev of Kazakhstan emphasized his hope to “turn sovereign Kazakhstan into an independent entity in international relations.”

Although other member states agreed to let Russia be the successor state to the former Soviet Union, taking over its permanent membership on the Security Council and memberships in other international organizations, there is still no agreement on some other specific matters. Ukraine balked at the suggestion that former Soviet embassies only fly Russia’s tri-color flag. “No one republic should be allowed to inherit the valuable things created in 70 years of Soviet rule.” Byelarus and other states also argue that “all republics are entitled to a reasonable share of the overseas properties of the former Soviet Union.” On the question of nuclear disarmament, Kazakhstan emphasized that it would take part in START talks from beginning to end. In a conversation with foreign reporters recently, President Kravchuk noted that Russian President Boris Yeltsin had no right to represent the new CIS to negotiate a reduction in strategic weapons. “All four former Soviet republics where nuclear weapons are deployed should take part in START negotiations with the U.S. on an equal basis.” The reality is that ever since the inception of CIS, all member nations have been mapping out their own diplomatic course and conducting their own foreign policy. As they say, “eight fairies cross the sea, each displaying his skills.”

2. Russia has basically inherited the diplomatic status of the former Soviet Union and continued the “new thinking” diplomacy centered on the Western nations, at the same time taking pains to launch extensive international contacts. As soon as CIS came into existence, President Boris Yeltsin ordered his foreign ministry to take over all properties, foreign embassies, and other representational institutions of the former Soviet foreign ministry. Russian Foreign Minister Andrey Kozyrev publicly declared that Russia had taken over the security and diplomatic machinery of the former Soviet Union as well as its communications system and military power, becoming the former union’s “successor state.” Kozyrev also declared that Russia would follow a foreign policy of

"perestroika." The diplomatic and foreign policies of Russia would not be significantly different from the foreign policy pursued by the former Soviet Union in the last few years.<sup>3</sup> Russian President Boris Yeltsin visited Germany, Italy, Britain, the U.S., Canada, and France in turn between the end of last year and this February and is scheduled to visit Japan in September. This gives us some idea of the general thrust of Russian diplomacy. There are good reasons why Russia pursues a foreign policy centered primarily on the Western world. Right now Russia is in a grim economic situation, what with materials shortages, prices shooting up hundreds of times, declining output, the abrupt and perilous shift toward a market economy, and political and social instability. All this makes it necessary for Russia to depend on the Western powers for a prolonged and substantial flow of economic aid to tide it over this difficult period. According to estimates by some economic advisers to the Russian government, CIS members need \$30 billion in foreign aid in the next 3 to 4 years, including \$15 billion to \$20 billion for Russia, most of which will come from the major Western powers, the IMF, the World Bank, the European Reconstruction and Development Bank, and other international banking organizations. Moreover, Russia considers the political system of the West and the free market economy as models for emulation and has long hoped to "return to the ranks of its natural partners and allies."

(1) U.S.-Russian relations take center stage in Russian diplomacy with the West as a whole. Both before and after the establishment of the CIS, Yeltsin talked to President Bush on the telephone on several occasions to keep the latter informed of the situation. During the past several months there have been frequent high-level contacts between the U.S. and Russia. On 15 December last year, Secretary of State James Baker began a trip that would take him to several ex-Soviet republics, including Russia. He was received by Boris Yeltsin in St. Catherine's Hall, where the two discussed 20 topics, including nuclear weapons reduction and the prevention of nuclear proliferation, in a conversation lasting 4 hours. On 16 January this year, a U.S. delegation led by Undersecretary of State Reginald Bartholomew visited Russia and discussed "nuclear weapons and security," among other things, with the Russians. The U.S. Congress decided to give \$400 million to Russia to help it destroy its nuclear weapons. On 25 January, in an exclusive interview with ABC, the American television network, Yeltsin announced that "soon no American city will be a target of inter-continental guided missiles under Russian control." "The U.S. is no longer regarded as a potential enemy." On 3 February, Boris Yeltsin met President Bush for talks at the presidential retreat at Camp David in Maryland and issued a "Camp David declaration on a new bilateral relationship." The U.S. and Russia, the declaration says, "do not consider each other a potential enemy." Their relationship will be characterized by "friendship and partnership," with both committed to democracy and economic freedom. Russian Foreign

Minister Kozyrev called the U.S.-Russian summit meeting "a symbol of a brand-new relationship." Bush described it as the "beginning of a new era." On 17 February, Secretary of State Baker paid another visit to Russia for further talks with Yeltsin on such issues as nuclear disarmament and foreign aid. There is no question that not only is Russia dependent on American assistance and support, but it also hopes that the U.S. would take the lead in lining up aid for Russia. It was not disappointed. Secretary of State Baker has remarked that now is an excellent time, an once-in-a-lifetime opportunity for the West to aid Russia and other ex-Soviet republics. If the West now finds it hard to part with tens of billions of dollars, it may have to spend thousands of billions in the future. On 22-23 January this year, an international coordinating conference on aid to ex-Soviet republics was held in Washington under the auspices and sponsorship of the U.S. Taking part in the conference were 47 nations and 7 international organizations. The conference set up five working groups to coordinate assistance in the areas of food, medical supplies, housing, energy, and technical aid, and adopted five draft "action plans." President Bush gave a lengthy address at the conference in which he praised Yeltsin's "courage and vision" in "leading the reformers to assume power in great Russia." He appealed to the participating nations to "assume obligations" in the area of aid and announced that he had asked the U.S. Congress to provide an additional \$600 million in technical assistance and humanitarian aid, boosting the total aid package to \$5 billion. Baker announced that American C-5 transport planes would rush 54 batches of emergency food and medical supplies to Moscow, St. Petersburg, and other places starting 10 February.

(2) The development of relations with other Western powers is a top priority for Russia. As early as late 1991, Yeltsin visited Germany and Italy where he signed a "Joint Declaration on the Basic Principles of Russian-German Political Relations" and a "Declaration on the Principles of Russian-Italian Relations," respectively. Germany is the chief source of foreign assistance for the former Soviet Union. Of the \$80 billion in Western foreign aid, over 50 percent came from Germany. Italy has promised to use the \$1.2 billion loan initially earmarked for the Soviet Union to pay for food and articles of daily use to be sent to Russia. It supports Russia's bid to join the IMF, the World Bank, and the European Reconstruction and Development Bank. It also has offered to set up a currency stabilization fund with \$5 to \$10 billion and make the ruble a convertible international currency. Between January and early February this year, Yeltsin visited Britain, Canada, and France in turn. In Britain, he signed a 15-point "joint declaration" on bilateral relations with Prime Minister John Major, declaring that Britain and Russia are "friendly nations and partners" between whom there is no longer an "ideological barrier." Britain promised to grant Russia \$280 million in 1992 as mid-term export credits and to guarantee British investment in Russia. In Canada, Yeltsin signed a Russian-Canadian friendship treaty

protocol and a new grain agreement with Prime Minister Mulroney. Under the latter agreement, Russia is to purchase 5 million tons of grain from Canada each year in the next 5 years. Mulroney said Canada would provide Russia an additional \$300 million in grain credits in addition to a \$100 million loan to be used as Russia sees fit. In France, Yeltsin signed a French-Russian treaty with French President Mitterrand to replace the "Treaty of Understanding and Cooperation Between France and the Soviet Union" signed on 29 October 1990. The treaty declares that the two nations have "reached a new understanding on the basis of trust, unity, and cooperation." Both sides will work together to enable Russia to join the European economic system as well as Europe's security organizations, and make the transition to a market economy. An agreement was reached under which France would provide Russia with loans totaling almost 4 billion francs [Fr]. Another protocol that would give Russia Fr2.3 billion in food is scheduled to go into effect in late February. Summing up his trip to the West, Yeltsin said, "Its major achievement is that the reality of Russia's entry into the world community has been confirmed and Russian reform has won support in the West."<sup>4</sup>

(3) Speed up the development of Russian-Japanese relations. Russian Foreign Minister Kozyrev told the Japanese ambassador when he received the latter on 27 December that Russia attaches special importance to its relations with its Far Eastern neighbor, Japan; that Russia would take over everything it inherited from the former Soviet Union; and that it would "live up to its existing international obligations." More recently, he said that the burning issue in Russian-Japanese relations today is resolving the territories problem and signing a peace treaty. "Without such a treaty, Russia cannot be said to have an Eastern policy." Gaydar, Russia's deputy premier for economic reform, has noted that with its economy unscathed by the recession, Japan is the "only nation capable of providing large-scale economic aid. However, blocking the way of such aid is the question over the islands."<sup>5</sup> Yeltsin met with Prime Minister Miyazawa of Japan at the UN Headquarters on 31 January this year. It was decided that Russian Foreign Minister Kozyrev would visit Japan in March and the Japanese foreign minister would pay a return visit to Russia in May or June, followed by a Russian-Japanese summit meeting in Japan in September which would concentrate on resolving the dispute over the territories and signing a peace treaty. While both Soviet and Japanese leaders show a positive and flexible attitude toward working out the problem surrounding the four northern islands, there are still differences between them, which both sides are working hard to eliminate. It is foreseeable that the two countries will make progress in the not too distant future in sorting out the problems inherited from history and initiating economic cooperation.

(4) Russia is carefully cultivating friendly and cooperative relations extensively. Both in stature and influence,

Russia today is naturally a pale shadow of the former Soviet Union, a superpower. Still, it is a great country with substantial power and influence. With its huge population, vast territory, abundant resources, and formidable military forces, it remains the world's No 2 nuclear power and a permanent member of the Security Council. This fact makes it impossible for Russia to confine its diplomatic activities to certain regions and nations. As Yeltsin said when he received the dean of the diplomatic corps in Moscow, "We are willing to cooperate extensively with the West, the East, the North, and the South."<sup>6</sup> China is Russia's largest neighbor with whom it shares a 4,300-kilometer border. China and Russia established formal diplomatic relations on 27 December. Subsequently, the Russian government has indicated through a variety of channels its desire to further develop friendly and cooperative relations with China and put forward a string of detailed proposals, including mutual visits by the two nations' high-ranking officials and strengthening trade and economic cooperation. Russian President Yeltsin stressed, "Developing a multi-faceted cooperative relationship with China is an independent part of our international activities that must be given priority." At present, Russian-Chinese contacts are proceeding normally in all fields. In addition, Russia's vice president has visited Iran, Pakistan, and Afghanistan, while its foreign minister has been to Angola, South Africa, and Egypt. In return, senior officials from such Middle-Eastern nations as Egypt, Turkey, and Iran have visited Russia.

3. The Central Asian republics are in a unique geographical position. As the West and neighboring nations scramble to court them, geopolitical diplomacy heats up.

(1) Located in Central Asia, Kazakhstan, Turkmenistan, Uzbekistan, Kyrgyzstan, and Tajikistan used to be the more economically backward part of the former Soviet Union and were psychologically and materially ill-prepared for its rapid dissolution. Currently in dire straits, they are eager for increased contacts with the West in hopes of securing aid and assistance. On the other hand, these nations are located strategically at the midpoint of the Eurasian land mass and boasts abundant resources, which makes them attractive to the West. Since the dissolution of the Soviet Union, countries like Britain, the U.S., Germany, and France have all dispatched senior officials to those nations to work on them. America, in particular, has displayed the most interest. Late last year Secretary of State James Baker visited Kazakhstan and Kyrgyzstan and established formal diplomatic relations with them. During 11-15 February this year, Baker paid his second visit to Central Asia and called on Turkmenistan, Tajikistan, and Uzbekistan in turn, declaring that there is a good deal of shared values between the U.S. and these Central Asian nations and that Washington would do its utmost to win over them. "These new nations would be treated in a way that would be most consistent with America's interests and that absolutely would not sacrifice its principles."<sup>7</sup> During his visit, Baker reiterated the five preconditions

for the establishment of diplomatic ties. The leaders of the nations expressed a willingness to abide by the terms and said they hoped that the U.S. would invest there without delay. The U.S. government has decided to set up embassies in these nations before 15 March. According to a number of international observers, America is concerned, first of all, that this area may come under the control of Islamic fundamentalists, thus disrupting the southern flank of NATO. Second, America is worried that ex-Soviet nuclear specialists as well as nuclear materials, equipment, and technology may be bought or fall into the hands of "hostile" nations. Hence its active diplomacy to seize the initiative to shape the unfolding situation in the area.

(2) Geopolitical diplomacy is heating up. The five republics in Central Asia, including Kazakhstan, and Azerbaijan in the Caucasus were all Moslem republics that formed part of the former Soviet Union. They have ancient ethnic, religious, and linguistic ties and share cultural traditions with such Middle Eastern and South Asian nations as Turkey, Iran, and Pakistan. Like the piece of rock that sends up a thousand waves, the sudden dissolution of the Soviet Union has precipitated rapid changes in the relations among these nations. 1) Since late last year Iranian Foreign Minister Velayati has visited almost all the Moslem republics of the former Soviet Union, signing trade, economic cooperation, and aviation agreements with them. Between 16 and 17 February this year, the first meeting of the heads of government of the Economic Cooperation Organization of Central and West Asian Nations was held in the Iranian capital of Tehran. Besides Iran, Turkey, and Pakistan, the founding members, the meeting was attended by representatives from the five CIS republics in Central Asia as well as Azerbaijan. Turkmenistan, Tajikistan, Uzbekistan, Kyrgyzstan, and Azerbaijan joined the organization as formal members, while Kazakhstan was admitted as an observer. At the meeting a proposal was made to create a Muslim market that would gradually "lower tariffs among its members, remove trade barriers, and abolish export subsidies." Member nations of the market would also cooperate in building roads and developing energy, agriculture, and the banking industry. Iranian President Hashemi-Rafsanjani said that the meeting took place "completely within a family framework." Azerbaijan, Kazakhstan, and Turkmenistan also are members of the Caspian Sea Economic Cooperation Zone recently established under Iranian auspices. 2) Turkey has been watching the situation in the five Central Asian republics closely. It has invited their leaders to visit Turkey and gone out of its way to meet their requests, promising to step up contacts and cooperation in the political, economic, cultural, and other fields. Prime Minister Demirel is scheduled to pay a formal visit to a number of Turkish-speaking republics in Central Asia in April. Reportedly it was issues relating to the former Soviet republics in Central Asia that dominated the prime minister's discussions with President Bush during his visit to the U.S. not long ago. He put forward a 13-point plan and 5 specific proposals. He

asked the U.S. to cooperate with Turkey in helping these republics to "further integrate themselves into the international community." Under the Turkish plan, it is to receive 1,000 students from each of the republics and "train them as bankers, diplomats, military officers," and other skilled personnel. Some commentators have noted that Turkey is relying on its longstanding historical, linguistic, and cultural links to furnish Central Asia with a development model as a "secular Muslim state," perhaps even building an alliance of "Turkish-speaking nations." President Nazarbayev of Kazakhstan recently told reporters from the Austrian newspaper (KUALI BAO) [name as transliterated] that the establishment of an alliance similar to the EC is a logical step because the "ancestors of modern Turks migrated to Turkey from Central Asia in the ninth century A.D., so there is a natural bond between us." He did not rule out the possibility of establishing a union linking all Turkish-speaking people.<sup>8</sup> 3) A host of emissaries from Pakistan, Egypt, Saudi Arabia, and Libya has been descending on Central Asia. Their political, economic, and cultural ties with these republics are growing rapidly.

China is a neighbor of the five Central Asian republics of the former Soviet Union and shares with them mountains and rivers. After the dissolution of the Soviet Union, China has established formal diplomatic relations with all these nations. Last January Li Lanqing, China's minister of foreign economic relations and trade, and Tian Zengpei, vice minister of foreign affairs, successively visited Kazakhstan, Kyrgyzstan, and Uzbekistan. Between 24-28 February, Prime Minister Nazarbayev of Kazakhstan visited China at the latter's invitation and held talks with Prime Minister Li Peng. A joint communique was issued and eight documents covering such areas as communications, investment, and the supply of commodity loans were signed. The Kazakh party was warmly welcomed whenever it went. On 12 March, President Karimov of Uzbekistan paid a friendly visit to China and was received by General Secretary Jiang Zemin and President Yang Shangkun and held talks with Prime Minister Li Peng. The two sides signed 14 documents on scientific and technical cooperation and trade, among other things. Karimov said that practice proves that China's reform strategy is correct.

4. As a European power whose diplomatic focal point is the West, Ukraine nevertheless has taken care to nurture its relations with other nations and regions.

Ukraine is one of the four former Soviet republics with nuclear weapons. After the disintegration of the Soviet Union, it was visited by a succession of top officials from Western nations, including the U.S. and Germany. Talks were held on the control of nuclear weapons and the prevention of nuclear proliferation and views were exchanged on economic assistance. Ukraine has no oil. To solve its current oil shortage problem, it has been stepping up contacts and cooperation with a number of oil-rich states in the Middle East. Reportedly Ukraine signed an economic and trade cooperation agreement with Iran and Azerbaijan on 29 January this year. Under

the agreement, a large-bore oil pipeline will be built to run from Iran to Ukraine through Azerbaijan at a cost of \$7 billion. When the first phase of the project is completed in 1995, Iran will supply Ukraine with 50 million tons of crude oil each year in exchange for rolled steel, machinery, and equipment from Ukraine. Also, Ukraine will purchase 5 million tons of petroleum and 9 billion cubic meters of natural gas this year. On 17 February the Kuwaiti minister of oil visited Ukraine at the latter's invitation. The two sides decided to cooperate in the oil industry, agriculture, and other fields. Kuwait also said it would give financial aid to Ukraine.

It has been barely 4 months since the CIS came into existence. Its members have numerous differences on a string of issues vital to their interests. Within some member states there are ethnic and religious dissensions as well as political factional struggles. All this will hamper and affect their activities on the international stage. The international situation is changing. As time

goes by, the diplomatic maneuverings of the CIS nations will change in new ways. They bear further watching and studying.

**Footnotes**

1. UKRAINE NEWS AGENCY-TASS NEWS AGENCY, Moscow, 28 December 1991.
2. REUTERS, Kiev, 19 February 1992. [position of number corresponding to this footnote indistinct in text]
3. TASS NEWS AGENCY, Moscow, 28 December 1991.
4. RUSSIAN NEWS AGENCY-TASS NEWS AGENCY, Moscow, 13 February 1992.
5. SANKEI SHIMBUN, 25 February 1992.
6. RUSSIAN NEWS AGENCY-TASS NEWS AGENCY, Moscow, 11 February 1992.
7. THE NEW YORK TIMES, 16 February 1992.
8. ROSSIYSKAYA GAZETA, 11 February 1992.



### Beijing Intellectuals 'Cautious' on Deng's Speech

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[Article by Ho Po-shih (0149 0130 2457): "Guard Against Another Betrayal—Beijing's Intellectuals' Response To Deng Xiaoping's Speech"]

[Text] Deng Xiaoping's speech delivered during his South China tour received a warm reception overseas, but so far reaction among the mainland intellectuals has been cautious. This not only reflects a general sense of distrust of Deng Xiaoping in intellectual circles but also shows that the intellectuals have developed more mature views on various Chinese issues since 4 June. Summing up the viewpoints of several intellectuals, it is their opinion that:

1. Deng's speech should be applauded, but there is no room for optimism.
2. The people must guard against being betrayed again.
3. China needs gradual change, and Deng's speech facilitates such gradual change.

### Welcomed, But No Room for Optimism

The general consensus is that Deng's speech should be applauded, but there is no room for optimism. People point out that Deng's ideologies and workstyle are functional. This means that he puts less emphasis on ideologies and more emphasis on actual matters and what he says is not necessarily what he does. Sometimes he talks about things he does not intend to do, and sometimes he does things he never talked about. Deng's speech delivered on his south China tour was in keeping with his usual ideologies and workstyle: The disintegration of the Soviet Union was not only the result of external interferences but more because of the conflicts within that country's own system. Deng was certain about this. Therefore, he did not propose resisting "peaceful evolution" as the way to save the communist system; instead, he suggested using reform and opening up to tide over the difficult period, and he said that without reform, there would be no future. Reform and opening up means getting rid of all ideological shackles. In his opinion, anything that sounds reasonable is practicable. Take the shareholding system, for example. It matters not if it is called "socialism" or "capitalism"; so long as it promotes economic development, it is okay. But it is not true that Deng only takes action and does not rely on words. There are still things he talks about all the time. The "four upholds" is an example. This is his last line of defense. This defense line can never be crossed; otherwise, Deng would cease to be a communist, he would lose all political legitimacy, and it would be impossible for him to maintain his status. So long as this defense line is not crossed, he can do whatever he wants. In this sense, Deng's speeches should still be applauded, because he is more progressive than those who advocate resisting "peaceful evolution."

### A Strong Ideological Force

Of course people should not be overly optimistic. First, whether Deng's program will work in China or not is yet to be seen. The "4 June" incident was a confrontation between the people and the government, but it heightened the internal conflicts among leaders at the top, and ultimately, Deng could not defy the ideological hardliners. This proved that the ideology-conscious orthodox faction within the Communist Party of China was still too strong, too stubborn. In the face of this strong orthodox force, Deng was still a failure. In China, ideologies play a unique role. Chinese ideology is not like any other culture. It represents substantive power. It is a real social force that plays a real role in everyday life, and it is a kind of legal credential. To abandon Marxist-Leninist ideologies is to give up one's own power and status; it is like giving up the legitimacy of one's own existence. To the ordinary cadres and intellectuals, Marxist-Leninist ideologies are their protective talisman. They quote Marx and Lenin all the time, but they still do everything to protect their own interests. Therefore, we cannot simply treat ideologies as ordinary thoughts; rather, they belong in the same category as political power and personal interests. Thus we should realize that the "leftists" who advocate resisting "peaceful evolution" and criticize the bourgeoisie may say that they are upholding Marxist-Leninist ideologies, but in fact they are only protecting their own vested interests, protecting their own power and position. They make a living out of Marxism and Leninism. If they abandoned Marxism and Leninism, they would be giving up their meal tickets.

### Deng Xiaoping Said Nothing About Political Reform

Some people suggest that Deng's functional workstyle has a strong pragmatic overtone, and it was effective under certain circumstances. For example, at the end of the 1970's, the national economy was on the brink of collapse. The government's urgent task then was to try to feed and find jobs for the people, and what the people wanted at the time was not to satisfy their political needs but their survival needs. So an open policy which let the peasants start their own responsibility farms was introduced. That was followed by official approval of the individual economy, township enterprises, and eventually the SEZ's. No theory was needed. All it took was for the central authorities to hand down power and let the lower levels have a free hand. But when reform got to the cities, when it touched on the question of the overall situation and especially the question of the traditional system and the special interest groups, pragmatism did not work anymore. The state-run enterprises went from bad to worse and ended up in a hopeless situation. "Official profiteering" and "private profiteering" developed with viciousness. Corruption caused by the capitalization of power ran rampant. Ordinarily, this kind of corruption should be curbed by implementing political reform to complement the economic reform, but fearing opposition from the organized power of those with vested interests, reforms stalled and were put off and



eventually abandoned. The result was the outbreak of "4 June." The "4 June" tragedy proved that Deng Xiaoping's lame policy of promoting economic reform without political reform was bankrupt. Yet Deng has not changed his tune in his recent speech. He still wants to follow the old approach, except he wants to be a little bolder and move a little faster. We can imagine what the outcome will be. Deng has not breathed a word about political reform; everybody is aware of that. Yet if a cart has two wheels but only one is moving, what is there to keep it from toppling over? If Deng's recent speech had any realistic meaning, it would be that he had come up with answers to the conservative and the extreme "leftist" attacks on him in recent years regarding such questions as whether something is really "socialist" or "capitalist," the planned economy versus the market economy, the assessment of the 10-year reform, and his anti-"leftist" stand. As for new clues and new approaches to reform and open up, they are nowhere to be found in his speech. In my opinion, subjectively, Deng wanted to ease the social conflicts but he could not find a way to completely eliminate the social repercussions.

#### **The People Must Guard Against Another Betrayal**

Many intellectuals warn that the people must guard against being betrayed again. Deng is always radical at the beginning but ends up compromising, and every time he compromises, it is his supporters and the ordinary citizens who lose out. This is the reason he has not won the trust of the people. Sacrificing others to protect his own power is Deng's usual style and trademark; "4 June" was ironclad proof of this.

The most seductive slogan in Deng's speech was his anti-"left" slogan. In a Politburo communique, he also emphasized that slogan, but a few days later, in Li Peng's government work report, it was written off in one stroke; instead the emphasis was on guarding against bourgeois liberalization. This proves that those who are in dominant position in China are not all on Deng's side but on the side of leaders at all levels who have varying amounts of vested interests. These people must keep "left" in order to keep their position and hold on to power. Keeping "left" is the foundation of the CPC system. To turn right is to give up the communist system, and this implies abandoning the power base which took several decades to build up. Not even Deng Xiaoping wishes to see that happen. He will never abandon the "four upholds." The "four upholds," it turns out, is the root source of all things "left." Thus, Deng's compromise is absolute. Amid the applause, the people must guard against another betrayal.

The scholars suggest that there are two roads before China: One is to make class struggle the guiding principle and resist peaceful evolution and liberalization. This is the way of the extreme leftists and the conservative faction. The other is to try to ease the domestic conflicts and go the way of reform and open up and develop the economy. This is Deng's choice. Which is the wiser choice? From the point of protecting the vested interests

of those in power, Deng's choice is definitely the wiser. But for the average citizens, Deng's speech gives them something to fantasize about, so that they willingly accept the Communist Party's rule.

Even then, there is reason to applaud Deng's speech in the near-term. At least there is breathing room for the people, and perhaps it will create a kind of relaxed atmosphere in ideological and theoretical circles. On this point alone, his speech should be applauded, and the intellectuals can work a little harder to bring ideological enlightenment. But that is the extent of it. We should not put too much hope on this. Take the "4 June" question. Should a conclusion be drawn? From Deng's speech, this does not appear possible. It might prevent any more unjust verdicts, false accusations, and miscarriage of justice in the future; perhaps there will be less spiritual torture of intellectuals. It would be in vain to hope for more. In short, Deng's speech leaves no room for optimism. The struggle has only just begun. Whether Deng's line will work in China or not is still open to question.

#### **China Needs Change, But It Needs Gradual Change**

One intellectual said that overall, Deng's speech, especially the emphasis on his anti-"left" stand, can create a favorable atmosphere for peaceful evolution in China. Although there are risks, they can be dealt with. This no doubt will benefit the citizens. If the conservative faction should prevail and everybody should go all out to resist peaceful evolution movement, criticize liberalization, and engage in class struggle, it is possible that China could go back to the era of the "Cultural Revolution." They cannot topple the United States; they will criticize the capitalist nations in vain, and so they have nowhere to point the spearhead but inward, at the powerless and the intellectuals.

The disaster caused by the drastic changes in Eastern Europe and the Soviet Union struck fear in the hearts of the Chinese citizens. They do not want dramatic changes, especially not turmoil. Instead, they hope for peaceful evolution. Turmoil has brought too much suffering to the people of China already. One must consider this fact. If Deng's line can indeed bring peaceful, gradual change, and if such change is for the better, then I think it should be welcomed.

Some people believe that Deng Xiaoping is trying his best to avoid ideological confrontations. He has said that nonconfrontation is an invention of his, but under the attack of orthodox ideologies, he has often suffered defeat. Throughout his whole life, he has never been able to shake off the curse of ideologies. He took a tumble in the "4 June" incident, and today, he is like an arrow at the end of its flight—he is a spent force. He is not what he was a decade ago. He cannot speak up in Beijing; his speech has to be delivered down south. He has spoken for more than 2 months now, but there has been no clear effect or impact. The lower levels are carrying on as before. This shows that he is wielding far less influence than before. If he is for real this time and is not just

making empty promises, then there will have to be a major reshuffling of personnel. Perhaps then people can be more optimistic; otherwise, they should not expect too much. Of course, in the long-run, people still have reason to be optimistic. Deng's speech at least has further heightened the internal conflicts among top level party leaders. After "4 June," the CPC had to concentrate their effort on dealing with the citizens, and a lid was put over the party's internal conflicts. Deng's recent speech has lifted the lid, and it looks like the cover cannot be put back on again. The conflict among top party leaders in fact is the centralized manifestation of the conflicts in society as a whole. The obstacles to change in China can be found everywhere in every level of society. Today, the Soviet Union has the political prerequisite to start privatization and the market system, but they are still running into many difficulties in the process. China is no different, because it entails smashing the "three irons" (iron armchair, ironclad wages, and iron rice bowl) and throwing everybody, including the ordinary citizens, into the whirlpool of competition. This requires great psychological endurance. Those who are used to living under one system will find it very difficult to adjust to a different system. Thus, if China is to change dramatically, it cannot avoid a shock. The shock can be lessened, but not avoided.

### **Bourgeois View of Human Rights Examined**

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[Article by Qiu Dunhong (6726 2415 4767): "Bourgeois View of Human Rights"]

[Text] International relations should be based on the five principles of respect for national sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in internal affairs, mutual respect and equality, and peaceful coexistence. In recent years, however, this universally recognized rule of international relations has been trampled upon savagely. One example is the way Western nations have been handling the human rights issue.

It is now clear that different classes look at human rights differently. How Western nations view human rights is their own business, but when they intervene in China's internal affairs using human rights as a pretext, that is another matter.

As we all know, the U.S. Department of State is required to submit to Congress each year a "report on human rights conditions in the nations," detailing the state of human rights in 168 nations and regions one by one. In 1989, the human rights report devoted as many as 24 pages to China. Even in 1990 the section on China was a long 22 pages, listing the following as the major human rights problems in China: the so-called suppression of pro-independence demonstrations in Tibet, the June 4 incident, restrictions on contacts between Chinese and

foreigners, the suppression of Muslim riots in southwestern Xinjiang, the ongoing anti-pornography drive, family planning, a reduction in the employment and well-being of women, a requirement that Beijing citizens participate in the Asian Games-related projects and labor, the fact that a worker spends 15 percent of his income to purchase treasury bonds, the introduction of an ID system, so on and so forth. Did the U.S. Government take such pains to collect these data on China out of concern for the "human rights conditions" in China, or is this naked interference in China's internal affairs aimed at attacking and smearing China?

Only by comparing can one distinguish. Let us take stock of what America has done in the area of human rights to see just how impeccable its own human rights record really is.

1. Invading foreign countries, unleashing wars, and provoking armed conflicts. In April 1961, the U.S. Government sent 1,000 mercenaries to invade Cuba in an attempt to overthrow the new-born Republic of Cuba. In 1964, 30,000 Panamanian people protested the shooting of Panamanian students by U.S. troops and were bloodily put down; 22 people were killed and over 500 were injured. In May 1965, American troops invaded the Dominican Republic and suppressed a popular uprising opposed to the regime which was an agent of the U.S. In October 1983 1,500 U.S. airborne troops and 400 U.S. Marines launched a surprise attack on Grenada, killing 160 Grenadians and 71 Cubans. Many Grenadian citizens were arrested and jailed. On 20 December 1989, the U.S. sent 2,600 troops into Panama and overthrew the Noriega regime. American troops surrounded and searched the embassies of Nicaragua and the Vatican, killed 500 Panamanians, injured thousands, arrested more than 5,000 people (including 1,500 Panamanian National Guards), bombed and destroyed many civilian houses, and rendered 20,000 people homeless.

2. Engaging in assassinations, propping up puppet regimes, and militarily intervening in the internal affairs of other nations. In 1953, a U.S.-backed coup occurred in Iran. The Mossadegh regime was overthrown; Fazollah Zahedi, who was pro-American, was instantly made premier as planned; and Shah Pahlavi, in exile at the time, was returned to the throne. On 8 June 1954, mercenaries invaded Guatemala from Honduras at U.S. command and overthrew the legal government of [Jacobo] Arbenz [Guzman]. On 14 July 1958, a coup occurred in Iraq and the pro-West Faisal dynasty was overthrown. As the Baghdad Pact, which the U.S. controlled single-handedly, teetered on the brink of collapse, President Eisenhower ordered 15,000 Marines to land in Lebanon in a vain attempt to stifle the national liberation movement and establish American hegemony in the Middle East. On 14 July 1960, U.S.-controlled UN troops entered the Congo (Kinshasha), overthrew its legal government, and murdered Lumumba, leader of the national liberation movement. After Kennedy came into office in 1961, he redoubled support for the Ngo Dinh Diem regime, unleashing a war of aggression to

which the U.S. contributed money, guns, and advisers. As many as 11,000 troops in special units were sent. On 24 February 1966, the CIA engineered a coup by Ghana's military, taking advantage of the absence of Nkrumah, who was visiting China at the time, and overthrew the Nkrumah government. In March 1970, the U.S. backed the Lon Nol clique in staging a military coup and poured into Cambodia later that month 100,000 U.S. troops and other units belonging to the puppet regime of South Vietnam. In September 1973, the Allende regime was overthrown in a military coup in which the U.S. had a hand. Allende was killed. In 1980, the U.S. put three brigades of special units in addition to three divisions and armed units at the disposal of Chon Tu-hwan, resulting in the massacre of Kwangju, which shocked the world. After U.S. troops captured Noriega, America simply let a new Panamanian take the oath of office and assume the presidency under tight security on an American base, without allowing the people of Panama to hold an election.

3. Slave trade, racial discrimination, and worsening human rights situation for blacks. As we all know, black slave trade, which took place when capitalism first flourished, cannot but be considered the most brutal and darkest chapter in human history. Although it has been more than a century since the American government issued the "Emancipation Proclamation" freeing the slaves, discrimination against blacks and other people of color has continued over the years. Since World War II, American blacks, who make up 11 percent of the population, continue to occupy the bottom rung in society and earn only half as much as whites. The average annual salary of black teachers in 12 states in the South is less than two-thirds of that of their white counterparts. Of a total black population of over 20 million, 17 million are old enough to vote but a mere 10 million are actually registered voters because of a host of restrictions. In December 1983, the unemployment rate among blacks was 17.8 percent compared to the national average rate of 8.1 percent. Among black males between the ages of 18 and 19, the unemployment rate in the fall of 1982 was a high 42.7 percent. Of the nation's 20 million blacks, about 10 million live in poverty comparable to that found in some Third World countries. According to reports in USA TODAY, 15,000 to 20,000 people are actively involved in gangs and all sorts of violent crime syndicates and receive sympathy and financial support from about 1,150,000 people. In 1988, there were 189 crimes involving race relations in 35 states and Washington, D.C., the nation's capital, almost double that in 1964.

4. Suppressing the righteous struggle by people at home to oppose the war, improve working conditions, and demand democracy. In September 1961, a civil rights movement unfolded in over 100 cities in more than 20 states. The U.S. Government despatched the military to put down 70,000 demonstrators, who were college students, and arrested 3,600 people. On 23 June 1967, an anti-war demonstration in Los Angeles was put down, 50

people were arrested and 40 people were injured. On 21 October the same year, 100,000 anti-war demonstrators marched on Washington and were quelled by a large contingent of troops and policemen; 700 people were arrested and 1,400 were wounded. In 1970, the U.S. Government sent troops to put down an anti-war demonstration at Kent State University in Ohio. The troops fired on the unarmed students and killed or wounded several on the spot. On 1 May 1971 the people of Washington D.C. staged a demonstration to protest the war of aggression. The government put down the demonstration violently and arrested 12,614 people, turning RFK Memorial Stadium into an "open-air prison camp." As for the civil rights movement by blacks and their struggle against racial discrimination, the suppression they encountered was even more severe. Take the events of the 1960's, for instance. In May 1960, a non-violent demonstration by blacks in North Carolina was suppressed by the authorities and 4,000 people were arrested in various places. Between 2 and 7 May 1963, a wave of anti-segregation demonstrations and marches were held by blacks in Birmingham, Alabama. The authorities put down the demonstrations and arrested over 3,000 people, including many students. In August 1964, the government sent 20,000 troops and policemen to put down a demonstration by blacks in Chicago; 28 blacks were tragically murdered, 1,032 were injured, and 4,270 were arrested. In January 1965, the black citizens of Selma launched a drive to push for voting rights and were suppressed by the police; 3,500 people were arrested. In July 1967, 43 people were killed, 2,000 people were wounded, and 7,200 were arrested as police quelled a nonviolent struggle by blacks. After black leader Martin Luther King, Jr. was assassinated in April 1968, blacks demonstrated in 172 cities. To put down these demonstrations, the U.S. Government mobilized 60,000 troops. According to Justice Department statistics, 46 people were killed, 2,561 people were wounded, and 2,171 were arrested in 76 cities in just 13 days.

5. Persecuting members of the American Communist Party and other progressive elements. As we all know, the U.S. Congress has passed a string of laws targeting the American Communist Party and labor, including the Communist Party Control Act, Federal Loyalty Act, Smith Act, McCarran Internal Security Act, and the McCarran-Walter Immigration and Naturalization Act. In the early 1950's alone, there were 3 million people in the U.S. subject to "loyalty check" and 624 organizations were declared "subversive," as were 204 publications. Picasso, the world-renowned painter, did no more than condemning American wars of aggression with his bold strokes, creating such masterpieces as "Peace," "War," and the "War of Korea." Yet the famous artist, who had never set foot on American soil, was under FBI surveillance for a long 25 years.

6. Unemployment, poverty, and serious violations of the rights of women and children. Labor should be the most fundamental right of every citizen. Yet the unemployment rate in the West has remained stubbornly high,

around 10 percent at its lowest. In some black neighborhoods in the U.S., the unemployment rate is as high as 40 percent. According to a 1986 survey on poverty in 25 cities, the number of homeless in America had reached 2 million since Reagan came into office, 20 million were hungry at least a few days a month, 1.5 million children were malnourished, 3.24 million people lived below the poverty line, and 18 million people collected food stamps. The U.S. also had the world's highest crime rates. In 1990 alone 23,200 people were murdered and 2 million more were victims of such violent crimes as rape, robbery, and assault. Nominally women are treated with respect in the West. As they usually say, "ladies first." In practice, women in America have yet to achieve an equal status in politics. In the early 1980's, women held only 8 percent of all public jobs. Of the nation's 535 senators and members of congress at the federal level, only 20 or so were women. Although an equal pay law was passed by Congress back in 1963, American women earn just 60 percent of what their male counterparts make.

7. Embargo, sanctions, and unfair international trade. There has never been such a thing as fairness in the trade between rich nations and poor nations. Today the North-South rift is an increasingly serious economic and political problem in the world. Unfair terms of trade and unfair terms of lending are two nooses around the necks of developing nations and Third World countries, strangling tens of thousands of people in those countries each day. Western nations, led by the United States, are given to using economic sanctions in their dealings with Third World nations, particularly socialist nations. In 1950, the United States imposed a trade embargo on North Korea, which is still in effect today. Economic sanctions were imposed on Cuba by the Organization of American States in 1964 and lasted until 1975. America's own embargo against Cuba has been in effect for more than 20 years. According to incomplete data, there were 54 instances in which the United States resorted to economic sanctions against Third World nations from the end of World War II to 1988. Between 1972 and 1988, the United States imposed economic sanctions on Third World nations on the pretext of human rights in 14 instances. To impose its values on the Chinese people, America has applied economic sanctions against China.

From these far-from-complete data, we can readily get a true picture of America's human rights record. They have said a lot about China's so-called human rights problems, to which the Office of Information of our State Council has given a response in the form of a report entitled "Human Rights in China." Here let us briefly offer some of our opinions on the Western view of human rights.

First of all, the nature of bourgeois human rights is to preserve private ownership and capitalist privileges. Never have we denied that human rights have played a crucial progressive role in history as a rallying cry of the bourgeois revolution. But when the bourgeoisie emphasizes the human rights issue time and again after seizing

power, its purpose is to further capitalism and consolidate bourgeois rule. In capitalist production, the capitalist provides capital and the worker provides labor, necessitating a labor market that is free and operates on the basis of equality. To put it differently, the bourgeoisie must take a stand on human rights out of consideration for its own interests. It is also necessary for the worker to have the right to freely sell his own labor on a basis of equality. To the working class, this right is his human right. To the capitalist, his human right is to make a fortune freely on the basis of equality. In other words, under capitalism it is a human right both to exploit and to be exploited. That is an unalterable fact. That is why Marx said, "The buying and selling of labor takes place within the realm of circulation or commodity exchange. This realm is indeed a true paradise of natural human rights." (*Collected Works of Marx and Engels*, Vol 23, p 199) The human tragedies wrought by exploitation and true "human rights" have long been vividly described by a host of writers, including Hugo, Balzac, Dickens, Hardy, De Lai Sai [1795 5490 1049], and Steinbeck. We only need to add this: In a capitalist system, human rights are merely statutory formal rights, whose economic basis is capitalist private ownership; they are conditional upon exploitation by the bourgeoisie and they serve the purpose of preserving capitalist rule. Economically, they reflect the demand of the capitalist commodity economic relations and wage labor. Politically they reflect the demand of minority rule. That is to say, the most fundamental principle of the human rights extolled by the bourgeoisie is simply this: Whoever owns property can truly enjoy human rights. In Marx' words, "The foremost human right of capital is to exploit labor on the basis of equality." (*Collected Works of Marx and Engels*, Vol 23, p 324)

Second, the theoretical cornerstone of the bourgeois model of human rights is individualism, where abstract political rights replace and conceal the concrete right to survive. In Marxism, man is not an abstract man, but a human being who lives in a specific social system. Between man and society, whose values come first? From the perspective of society, you will observe society from the reality in society and consider social development the precondition for the fulfillment of personal needs. From the perspective of the individual, you will judge society according to your own subjective wishes and demand that society satisfy one's individual needs. The former is the socialist value system and social concept of interests where personal values are subordinate to social values, personal interests to social interests. The latter is the capitalist value system and capitalist concept of interests which put personal values and interests ahead of social values and interests. The model of human rights that is based on the socialist value system and socialist concept of interests gives each and every member of society consciously and selflessly all rights that it is able to give. In the capitalist model of human rights based on egoism and individualism, nobody ever genuinely and sincerely wants to give real rights to another person. The bourgeoisie is concerned

only about their own human rights. Whoever has capital has the human right to exploit. Whoever has the human right to exploit has the human right to make huge profits. Whoever has the human right to make huge profits has the human right to buy votes. In practice, the bourgeoisie gives rights to the working people with one hand but invariably takes them back with the other. Although the bourgeoisie in principle gives citizens freedom, equality, and other rights as a rule, at the same time it imposes various restrictions and prohibitions. (Alternatively, the rights may be written into law, but no means are provided for their actual realization or to safeguard them.) Thus it is no wonder that the model of human rights based on individualism is so highly regarded by the bourgeoisie. At any time these human rights are what the bourgeoisie lets the working people enjoy. Such rights must meet the precondition of the bourgeoisie's right to exploit and they must not hamper bourgeois rule. Overstep this limit, and promises of human rights become violent repression.

A person must satisfy his need for food, clothing, housing, and transportation first before he can engage in other cultural and political activities. This is a basic tenet of Marxism. Accordingly, the right to live and develop cannot but rank right up there. It matters little how many political rights a man has. In the final analysis, everything depends on his economic position in society. It is useless to talk about political freedom and political equality in isolation from economic and social position. Marx and Engels demonstrated that political rights are the reflection of specific economic interests and that there can be no abstract political rights ideology without a specific economic base. Hence the unshakable scientific position of Marxism in all human rights theories. All except the bourgeois theory of human rights. The bourgeoisie argues that the most basic right is not property right, which is determined by economic status, or the right to live. To them, the most basic rights are abstract political rights. Clearly this is a charade. Any bourgeois legislation that has to do with human rights is simply an attempt to use human rights as a smoke-screen to cover up bourgeois rule. The idea is to contain the whole array of social contradictions within the scope allowed by bourgeois rule in a relatively tolerant way. By conferring some political rights on the citizens, the bourgeoisie endows its own rule with a cloak of legitimacy, on the one hand, and manages to distract the public from its absolute dissatisfaction in the area of economic rights with its limited satisfaction with the usual political rights. The bourgeoisie would rather give the citizens the right to choose the capitalist but not grant them the right to demand higher wages, would rather give them the right to condemn the government but not the right to chide their boss. The bourgeoisie would rather indulge in loud and empty talk about "human rights problems" around the world instead of genuinely working to solve the human rights problems in their own backyard—unemployment, hunger, poverty, and homelessness affecting millions of people. Their hypocrisy and duplicity are crystal clear.

Third, practice power politics in the name of "human rights." To be an "international policeman" and manage world affairs, the West must put on an air of fairness. This is the essence of the "human rights diplomacy" practiced by some Western nations. According to reports, since 1986 the U.S. has been exerting pressure on the United Nations by cutting back on its dues payments and is now \$500 million in arrears. In 1989, the U.S. again threatened to suspend dues payment as a way of blocking a resolution on the Palestinian question, which was truly damaging to America's image as "champion of human rights." As we all know, Tibet has been a member of the big Chinese family since ancient times. The progress made by the Zang serfs and the civilization they have achieved since liberation span several centuries. Could Tibet have made more rapid progress had it gotten independence and restored serfdom? Between well-being and poverty, progress and backwardness, civilization and barbarism, what is really more in line with human rights? Certain right-wing forces in the U.S. and the West have steadfastly supported Tibetan independence. What, may we ask, do they really want? Every nation has its own set of conditions. It is for the government of the nation involved to adopt policies in line with national conditions to solve its most outstanding problems. Yet the U.S. Government persists in finding fault in a petty manner with the domestic policies of every nation that do not normally fall within the scope of human rights. We all know that in the U.S. itself four million people undergo abortions each year. Yet only China violates human rights by adopting family planning. Does human rights mean burdening China with so many people that it cannot even catch its breath and letting hundreds of millions of Chinese go hungry? The vast majority of nations in the world, including the U.S., follow a citizens' ID inspection system. But only China violates human rights with its resident ID system. That is puzzling. If even things like these come under attack as "human rights problems," what one policy by the Chinese Government can possibly be to their liking? When America attacks and condemns anything it finds distasteful, what sort of image does it really project, "champion of human rights" or "hegemonist?" When it judges human rights issues in the absence of objective criteria and standards, is it really protecting human rights or is it trampling upon human rights? The Chinese people have had extensive experience with all sorts of high-sounding words. Back then the imperialist powers, for instance, tyrannized China under the banner of "benevolent rule and paradise." The older generation of Chinese all knows that old China attached itself to imperialist forces only to have Chinese included in the same category as dogs. In what way is the bourgeoisie qualified to lecture the Chinese people on human rights? The rise of capitalism itself was a real-life history of the trampling of human rights. For over a hundred years, the Chinese people suffered aggression, enslavement, and humiliation. From this part of their history they have learned one fundamental lesson: Without sovereignty, you cannot even begin to talk about "human rights." To

infringe upon a nation's sovereignty is the biggest infringement upon human rights.

Fourth, the U.S. feigns concern about "human rights" in socialist nations, but is really pushing for peaceful evolution. A strange phenomenon: To take up international human rights obligations and promote world peace, China has acceded to a series of international human rights conventions. The U.S. Government, on the contrary, has refused to join some of the more influential international human rights agreements such as the "International Convention on Civil Rights and Political Rights," "International Convention on Economic, Social, and Cultural Rights," "International Convention on Eliminating Racial Discrimination in All Forms," "International Convention on Prohibiting and Punishing Crimes of Racial Segregation," "Treaty to Eliminate Discrimination of All Forms Against Women," and "Convention Against Cruel Torture and Other Treatment and Punishment that Is Cruel, Inhuman or Degrading to Human Dignity." This shows that America is selective in the human rights obligations it undertakes. Ethnic problems exist in many nations in the world today. In England, there is the Northern Ireland problem; in Spain, the Basque problem; in America, the problem of discrimination against blacks and other people of color. Yet the American Government not only has failed to condemn Britain's cruel suppression of successive North Ireland national independence and liberation movements, Israel's massacre of Arabs, and South Africa's apartheid—racial separation—policy, but has actually supported, tolerated, and protected them. What a striking contrast to their support for the activities of a handful of national separatists in Tibet. They are blind to the achievements of our construction in Tibet in almost 40 years and the improvement in the people's standard of living, instead supporting and protecting a tiny minority of dissidents. This shows that what they want to see is not an independent, united, prosperous, and strong China but a backward China rent by disunity, which would be more in line with their interests. This also makes plain that they are concerned only about "human rights" in developing nations, particularly nations which have a different ideology and a different political system from theirs, but not about human rights in the West itself. Further, it proves that what they support is the handful of "dissidents" and national separatist forces opposed to the governments of the nations concerned, not the wishes and basic human rights of the bulk of the population. Those who were skeptical about this in the past should now look at what is happening to the Soviet Union and other Eastern European nations and see the light.

**Students' Magazine Examines Mao Zedong Cult**  
92CM0275A Beijing DAXUESHENG [UNIVERSITY STUDENTS] in Chinese No 4, 10 Apr 92 pp 14-17

[Article by Zhuo Hongmeng (0587 7703 5536), edited by Yu Mei (0151 2734): "A Social-Psychological Interpretation of the Mao Zedong Myth, as Seen in a Professor-Student Dialogue at an Unnamed University"]

[Text] **Student:** Professor, you have spent many years studying Mao Zedong and his ideology, and you have published quite a few papers and monographs on the subject. What is your opinion regarding the current ongoing "Mao Zedong cult"? In my view, it is a very complex phenomenon with diverse social implications which, as to public interest alone, could seemingly be divided into the following three factors: 1) The special public interest in Mao Zedong's daily life and emotional outlook; 2) The general sense of mystery in the fantastic stories surrounding Mao Zedong, or the one-sided public interest in his "mystique"; 3) The resurging demand for Mao Zedong's theoretical works. What issues do these factors illustrate?

**Professor:** I would add to your very fine observations the following two points: 1) Of the three factors that you mention, the most emphasis should be given to the first two. The New China Bookstore statistics show that the sales trend is toward works that recall Mao Zedong's daily life. As the second factor is spread mainly through word of mouth, and can even be said to be known to all, it warrants particular attention. As to Mao Zedong's theoretical works, while sales are very large as to absolute volume, I understand that they are mostly group purchases. As books published by the state are usually simply for display on a top shelf, it should be pointed out that those who truly read and study them are limited basically to the young and middle-aged, young intellectuals in particular. 2) The "Mao Zedong cult" is also reflected in social behavior. For instance, the wearing of a "Chairman Mao button" is no longer considered an eccentric aberration, and medallions and pictures of Chairman Mao are reappearing in taxis and private areas or public places, with some peasants even moving Mao Zedong statues directly into ancestral shrines to be worshipped.

**Student:** Yes, but as your observations are more profound than mine, what is your view on the actual implications of and explanation for these phenomena?

**Professor:** At this point, I would first like to define a term as a standard for our discussion of this issue. The discipline of cultural anthropology uses the term "myth" [source renders term in English], which used to be generally translated into Chinese as "shenhua," but in recent years has been more properly transliterated by some as "misi," by combining the English sound with the Chinese meaning of these characters. In his book *Structural Anthropology*, the famous French scholar Claude Levi-Strauss explains that so-called "myths" are the direct or subtle influences exerted on the thought processes and ideological conclusions of later generations based on the needs of the times by certain significant historical events, such as the thoughts of famous historical figures, as well as the evolution of the cultural structure, the transformation of the political situation, and the changes in the economic development of the current society. As a social awareness phenomenon, "myths" are often characterized by object symbolization. In other words, every legendary story per se has

symbolic meaning, some of which appears in a metaphorical form, only to reveal its original significance through "dissection and interpretation." "Myths" thus become a unity of obscure cultural symbols and explicit social functions. Thus, while "myths" are historical and obscure, they are still closely linked to our current words, deeds, thoughts, and dealings, as well as being observable and, even more so, intelligible.

**Student:** To put it simply, is not your meaning that "myths" are drawn consciously or unconsciously from historical events or figures by living people to explain the issues about which they are concerned? Their positive function is to express certain expectations, while their negative one is to voice grievances.

**Professor:** People can now often be heard mouthing the incomplete sentence that "if Chairman Mao were still alive...." with the incomplete parts being as diverse as are people. A careful analysis of this shows the following implications: 1) The speakers are certainly displeased about certain things, and are expressing their disgust; 2) It also reflects people's real expectations.

**Student:** Could we say that the current "Mao Zedong cult" reflects the truth that while people have a general psychology of longing for the past due to varying motivations, as they are either unable or unwilling to be frank about it, they reparate their images of "Mao Zedong" to express certain grievances over certain aspects of the current society?

**Professor:** This factor cannot be ruled out. For instance, while people are dissatisfied with the "bureaucratic profiteering," corruption, and general mood that exists in the current society, and so long for and cherish the memory of the plain and virtuous style of the 1950's, the matter may certainly not be so simple, and we certainly cannot regard it completely as an absolutely negative feeling of longing for the past. It is essentially different from the previous appearances of "worship of the individual," in particular the "myth creation movement" of the "Cultural Revolution." In general, while these past movements reflected a very strong ideological function, the current "Mao Zedong cult" is clearly motivated by certain more latent psychological needs.

**Student:** Do not these "psychological needs" that you speak of refer to a certain religious factor? All Chinese religions, particularly the folk beliefs that prevail at the lower levels of society, contain pragmatic features of praying for good fortune to avert theft or disaster, such as the so-called "need to believe in God when family members are sick" and "never burning incense when all is well, but clasping the Buddha's feet when in distress." While it may be said that the hanging of Chairman Mao medallions in taxis, and especially the setting up of shrines in peasant homes where the older generation of revolutionaries are worshipped, all have a religious flavor, I have always had an ambiguous feeling that the "myth creation movement" of the "Cultural Revolution" was even more like a religion, in that its following

along with no regard for right and wrong seemed to smell of religious "belief." As people are probably not so naive today, being concerned only about making money, where is there still room for such "belief"?

**Professor:** While "ideology" refers generally to a belief system with clear political functions that mobilize people to reach certain goals or maintain certain institutions, which implies per se a certain invisible force, "psychological needs" differ in that they originate mainly among the people, are much higher in cultural flavor than in political value, and certainly do not display direct guidance of social development. In this sense, the fanatic tide of "worship of the individual" during the "Cultural Revolution," from the perspective of either the worshipped individual or the worshipping masses, was of a distinct political nature in both thought and action.

If we regard "Mao Zedong" simply as a purely political symbol, we need to be concerned only about what great orders he gave and what "latest directives" he issued in the struggle for "instant results," while not having to be overconcerned about daily trifles, such as what Chairman Mao ate and wore, his relations with Jiang Qing, and whether he suffered from headaches. Since we began to reform and open up to the outside world, just as some have put it briefly that "Mao Zedong has returned from an unfamiliar paradise to the fiery world of man," he is no longer regarded simply as a "political symbol," but also appears as a "giant symbol," with flesh, blood, and lusts. The very little or basically no understanding of this latter symbol was the formal origin of the "Mao Zedong myth," which is expressed specifically in the great show of interest in and particular concern about Mao Zedong's daily life and emotional outlook. Thus, we can say that the more fantastic stories about Mao Zedong are spread and the more they are discussed in detail, the further the symbolic value of "Mao Zedong" departs from ideology, and the closer it gets to "spiritual satisfaction." Or we could say that in the view of the common man, "Mao Zedong's" political significance is gradually being transformed into aesthetic meaning.

**Student:** Professor, I am still unclear about the following three points: 1) While I noticed that you just mentioned the need to understand Mao Zedong's daily life, why do you say that this was simply the "formal" origin or breakthrough point of the "Mao Zedong myth"? In other words, are there perhaps also some other "substantive" factors in play? 2) What is the actual meaning of the concept of "spiritual satisfaction" that you just used? Please discuss this in more detail. 3) If your above statements are logically viable, how do you explain some people's assertion that Mao Zedong had a "divine" nature, in that bullets did not touch him despite the hundred battles in which he fought? Why are some people again hanging up images of Chairman Mao, and what are the implications of this?

**Professor:** Your questions actually involve the extremely important matter of the relationship between the current phenomenon of the "Mao Zedong myth," and the policy



of reform and opening up to the outside world that our party has implemented since the Third Plenary Session of the 11th CPC Central Committee. As this is such a sensitive issue, I am giving my personal opinion for your further consideration and reference only. While we have been in a process of transition from the old system to a new one in recent years, and our enormous economic achievements are there for all to see, our macroeconomic and overall social consciousness seem to be in a state of what I would call "the aftermath of utopianism."

As used here, "utopianism" is nonpejorative with no sense of passing of judgment, in that I use it only to correctly express the actual historical process. The word "utopia" [word rendered in English] has two sources, one being "a good place," or "eutopia" [word rendered in English], and the other being "a nonexistent place," or "outopia" [word rendered in English]. While the pursuit of a happy life cannot be criticized, unrealistic idealism is very likely to lead to the opposite result. As to "the aftermath of utopia," we can analyze it from the following two perspectives:

1. Since the founding of the PRC, our ideology has always favored radical propaganda, such as that we would economically "surpass Britain and catch up with the U.S." within a few years; our one-sided political exaggeration of class struggle, which led to the final verdict that "there were capitalist-roaders within the party"; and, in education, our raising of many academic issues to the higher plane of principle and two-line struggle, which turned "letting a hundred schools of thought contend" into our having only eight model plays. After a time, people's thinking gradually became rigid, turning from not daring to being unable even to consider many basic factors in social development. To a certain extent, the belief system of the entire nation was replaced by a utopian mentality. Since we began to reform and open up to the outside world, while people have seemed to be just waking up from a long dream, and our economy has developed rapidly by leaps and bounds, this has led to the usual over-correction, in that a spirit of "money-oriented" pragmatism has been dominant for a time. But our improved lives certainly do not prove that we have established a new belief system, which to a certain extent has been in a phase of nonexistence. As this belief gap has to be filled, there has been a recurrence of worshipping of gods, fooling around with spirits, building and repairing of graves, and divination and fortune-telling, which has lately turned into widespread phenomena, such as the "qigong cult" and the "*I Ching* [The Book of Changes] cult." One township entrepreneur told me personally that "his exhaustive study of Lao-tzu had left him with millions of dollars"! People have begun to unconsciously seek a certain spiritual consolation in a place where their souls can at last rest in peace. This situation, in which development of economic resources has taken the lead and spiritual resources are relatively lacking, is one of the key social factors in the rise of the "Mao Zedong myth."

2. Since we began to reform and open up to the outside world, while people's old utopian belief system has "collapsed," it has certainly not "disappeared." While they are seldom talked about, things that have been formed over decades can leave deep-rooted scars in the subconscious. As the awareness of things, such as "equalitarianism," cannot disappear all at once, old memories of such utopian beliefs will resurface whenever reforms run into even slight complications. The so-called "holding out the bowl for meat to eat, but then cursing one's mother after putting the chopsticks down," precisely reflects the psychological conflict over the intermingling of these old and new awarenesses. When cherishing old memories while being faced with certain unfamiliar realities, people are likely to turn to the past in search of their own ideological roots. As people have deep feelings for Mao Zedong due to historical factors, and so still tend to want to pour out their grievances to him, "Mao Zedong" has naturally become a recurring object of discussion.

Thus, it was certainly not by chance that the "Mao Zedong myth" arose precisely in 1988. Rather, it was a sign that reform was already developing in depth, as well as being a result of the uneven development of key socio-economic, political, and cultural factors in the early modernization period.

**Student:** In which case, after the passing of so many "cults," why have people again chosen "Mao Zedong"? What role does his "deification" play in "spiritual satisfaction?"

**Professor:** It should be pointed out that "Mao Zedong" is only a major flashpoint among the various "cults" that have arisen in recent years. First, in principle, people's spiritual needs are not for means, but rather for values, which certainly do not play a direct role in concrete actions to solve subsistence problems. Rather, they only tortuously reflect immediate conflicts through a certain psychological balance. Meanwhile, people's mental perceptions cannot be seen or touched, and are as diverse as people. Only by transforming these obscure and diverse values into real "symbols" that all are familiar with can people's perceptions and needs be unified, so that they can find a "common language" in the same object. Second, in essence, psychological contentment refers to a search for strength or protection. This so-called "strength" and "protection" reflect a single thing from different angles. A symbol that reflects such expectant values must be able to transcend reality and the self, in order for people to acquire from it a sense of strength and security. It goes without saying that only the "spirit" can attain the realm of thought and realization, with the more "spirit," the more value, and the more ability to transcend the common man, the more strength. There are now only two things that can satisfy these conditions, i.e., "Mao Zedong" and the *I Ching*. Mao Zedong's enormous achievements, extraordinary intelligence, exceptional character, and legendary experience had an enormous impact on China and the world. People's attempt out of a strong sense of curiosity to understand



this Oriental giant of the 20th century has taught us lessons in certain areas. The *I Ching* has been a complicated case throughout the ages, with so many explanations that it is impossible to decide which is right. Such a particularly unfathomable symbol system not only has brought credit to our nation, but also has added color to our people's lives. So we can see that regardless of the critical approach, there is certainly no one who does not acknowledge that this "one man" and this "one book" are a precious legacy of the Chinese nation. Incidentally, some people are combining "Mao Zedong" with the "Eight Diagrams" (of the *I Ching*), in an attempt to prove the divine nature of Mao Zedong and the supernatural power of the *I Ching*. It is not hard to see from our above account that this is a very logical outcome.

**Student:** My last question is what is your view of those young intellectuals who, while few in absolute number, are devoting themselves to the study of Mao Zedong's theoretical works?

**Professor:** Those young people who are studying the works of Mao Zedong in an undisciplined way are certainly in a difficult position. After those of our so-called "fourth generation," who have neither experienced the strong contrast between the old and new societies of the "second generation," nor suffered through the being sent down to the countryside to live and work in production teams of the "third generation," have encountered certain setbacks in their lives, they are in even more need of spiritual support. In a particular and immediate sense, they need to fight a sense of let-down, and boldly rearouse themselves to face reality. But in a general and long-range sense, which I consider to be more important, they even more urgently need to understand Chinese society, and to become very clearly aware of their own naivete. Once they have found out that the current society is much more complex than they had imagined, that things develop in a long process of accumulation, and that authentic patriotism does not depend simply on "zeal," they will have to understand things, such as how Mao Zedong succeeded, in particular, the logical structure and fundamental theoretical substance of his theoretical system, the real historical beginnings of today's realities, and how the key elements of the current social structure were formed and are composed. In short, they will have to proceed from the high plane of theory and the whole process of historical development to reinterpret the historical necessity for the occurrence and development of the Chinese revolution, in order to understand all that is occurring in China today. As the conclusions in their textbooks, which were reached long ago, are no longer able to meet their needs, they will have to analyze, think out, and prove things in their own heads. As they have their own ideals, beliefs, and thoughts, they do not need "symbols" as intermediaries through which to converse with others. Even less so do they need to be propped up by external forces that transcend reality and the self, because their belief in themselves per se is a storehouse of strength.

### QIUSHI on Social System, Human Rights

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No 7, 1 Apr 92 pp 19-23

[Article by Chen Xianda (7115 0341 6671), Department of Philosophy, People's University of China: "Social System and Human Rights"]

#### [Text] I. The Reversal of Right and Wrong on the Concept of Human Rights

Today, there are obvious reversals of right and wrong on the question of human rights as perceived by some politicians and theorists of the West.

The fight for human rights is a revolutionary banner to begin with. For instance, the ascendant bourgeoisie opposed autocracy in the name of fighting for human rights. The proletariat also made use of the human rights slogan. Marx wanted to have "human and civil rights" included in the 1864 "Declaration and Provisional Constitution of the International Workers' Union" and the 1866 "Constitution and Regulations of the International Workers' Union." During the democratic revolution, our party also advocated the protection of human rights and called for the protection of people's rights with respect to speech, press, assembly, association, belief, housing, and so on. However, the human rights issue has now become a weapon for those who stubbornly cling to bourgeois liberalization in their fight against socialism and the dictatorship of the proletariat. A revolutionary slogan has been turned into a slogan against revolution. This is a major reversal.

A state needs independence and a nation needs liberation. This has been a progressive trend since the October Revolution, particularly since World War II. Fighting for the independence and survival of the state constitutes the primary aspect of the fight for human rights. It is an anti-imperialist banner spearheaded against the colonial policies of imperialism. Today, "human rights diplomacy" is a policy for pushing the power politics of imperialism. Some people talk glibly about "human rights are above sovereignty" and "human rights know no national boundaries," trying to realize their aggressive and subversive ambition under the banner of "humanist intervention." They talk about human rights, but they are in fact thinking about hegemony and power politics. Their anti-imperialist slogans are in fact slogans that cover up imperialist expansion. This is another major reversal.

These two reversals are by no means fortuitous. In the decades since the October Revolution, the triumph of socialism spread from one country to many countries and many socialist countries emerged. The rise to power of the proletariat and the working people has brought about a reversal of roles in the struggle on the human rights issue. The economic and military supremacy enjoyed by the developed capitalist countries in general and a certain superpower in particular has created a political situation where they can brazenly play the role

of world police, where their media weapons stand for human rights and their impressive aggressive slogans stand for "humanist intervention."

A famous Western politician, in his work entitled *The Great Defeat*, has very bluntly and unequivocally revealed why they are so keen about human rights. He said: "Advocating respect for human rights has a great and far-reaching impact, as it can speed up the decline of communism. The human rights issue is the most attractive political concept in contemporary times. The appeal made by the West for respect of human rights has put all communist countries on the defensive." We can thus see that the human rights issue is, in the final analysis, a social issue, a question of which system we should support and which system we should oppose. The ascendant bourgeoisie's fight for human rights was in fact a fight for the establishment of the capitalist system; the proletariat's fight for human rights was a fight for the establishment of the socialist system. Today's struggle around the human rights issue is essentially a struggle between the socialist and capitalist systems.

We are opposed to the reversal by the imperialists and their thinkers on the human rights issue, but we do not negate the concept of human rights, or the importance and urgency of the human rights issue, for that matter. Human rights are not exclusive to the bourgeoisie, just as freedom and democracy are not. The important thing is to correctly understand the relationship between human rights and the social system and draw a clear line of demarcation between the two different concepts of human rights.

## II. Two Concepts of Human Rights, Two Conceptions of History

The struggle on the human rights issue is a political struggle, but it is also a theoretical struggle. Insofar as their philosophical basis is concerned, the proletarian and bourgeois concepts of human rights represent the antithesis between the concepts of historical materialism and abstract humanism.

Why is it that some people in the West advocate the notions of "human rights are above sovereignty" and "human rights know no national boundary?" The reason is that to them, man is above everything. They think that the necessity of "humanist intervention" lies in the fact that man is the objective and the supreme value, and that for the sake of mankind and the protection of so-called human rights, it is alright to intervene in the internal affairs of other countries. Thus, the bourgeois concept of human rights is based on abstract theories of man and human rights. The divergence primarily centers on the essence of human rights.

### What are human rights?

According to abstract humanism, human rights are the rights of man as a human being. Since it is natural for human beings to have human rights, human rights are above temporal and national boundaries. The 1776

"Declaration of Independence" of the United States and the 1789 "Declaration of the Rights of Man and the Citizen" of France both declare that all men are born equal and enjoy inviolable natural rights. Even the "Universal Declaration of Human Rights" of 1948 maintains that human rights are rights that belong to all men at all times and in all situations, whether or not they are recognized, and that men enjoy these rights in their capacity as men irrespective of the actual differences between them. Although the above-mentioned are important historical documents, their concept of human rights is theoretically wrong. The abstract humanist concept of human rights preached by some of the contemporary theorists of the West has lost its historical progressiveness and become a political fraud.

The essence of human rights finds salient expression in the history of human rights. History proves that in class societies, human rights have always been the rights of the minority. Human rights only belonged to the rulers, not to each and every individual. When did slaves and serfs ever enjoy the same rights as the slave-owners and suzerains? When did proletarians under the capitalist system ever enjoy the same rights as capitalists? When did the people of colonial and semi-colonial countries ever enjoy the same rights as the citizens of imperialist countries? It is true that the laws of a slave society also stipulated those who wantonly beat to death other people's slaves would be fined a certain amount—this was intended to protect the prerogatives of the slave-owners rather than the human rights of the slaves. That human rights belong to all men simply does not tally with historical facts.

According to the materialist conception of history, human rights are the rights enjoyed by men not as human beings but as members of a particular society. Human rights are the legal embodiment of the relations between the individuals and the state. The human rights situation of a society vividly shows the social-economic and political systems of this country, as well as the interrelations and social status of different classes. For instance, the White Paper on "Human Rights in China" published by the Information Office of the State Council makes clear, with irrefutable facts, the changes in the Chinese social system and in the interrelations between different classes following fundamental changes in the human rights situation after the founding of New China.

Marx revealed the true features of bourgeois human rights through the legally-prescribed interrelations between the individual and the society. He said: "The establishment of a political state and the disintegration of the citizenry into independent individuals—with the relations between individuals being expressed through rights, just as the relations between men under the hierarchal guild system are expressed through prerogatives." (*Collected Works of Marx and Engels*, Vol 1, p 442) This is to say that human rights in bourgeois societies, like prerogatives in feudal societies, are class relations expressed in the form of statutory rights. What is different is that the bourgeoisie refer to their rights as

human rights. To them, such rights are universal rights that are above classes, rights enjoyed by men as a "kind" that belong to all men, while prerogatives are non-universal rights enjoyed by special classes. The truth is, bourgeois human rights are also a kind of prerogative. They are prerogatives under the cover of human rights. In other words, they are bourgeois prerogatives. The class nature of bourgeois human rights is hidden because they assume the form of universal rights.

Since bourgeois human rights are based on the abstract man, we can derive the following political conclusions based on the materialist conception of history.

1. According to abstract humanism, which maintains that human rights are the inalienable rights of man as man, human rights are the common value of all mankind. Their contents and standards are absolute and eternal. Some of the politicians and theorists of the West regard their human rights concepts as the universal value to be observed by the whole world.

According to historical materialism, which maintains that human rights are the rights of man as a member of society, the contents and standard of human rights are determined by given socio-economic and political systems, and are subject to the influence of the traditional culture and sense of value of a country and nation. For this reason, there is no such thing as a human rights concept that is absolute, eternal and universally applicable. Human rights have national boundaries. National boundaries in human rights are not determined by subjective will, because nations are political entities based on specific relations of production and have their own economic and political systems and cultural traditions. Just as abstract men are universalized capitalists and abstract human nature is universalized bourgeois human nature, the human rights concept which is today regarded as a universal value is nothing more than a universalized human rights concept of the United States. If we say that the early bourgeoisie were genuinely fantasizing when they treated the specific as the general, we have to say that what they are doing today is outright treachery.

Of course, historical materialism does not deny some of the common points in the contents of human rights. The antithesis between different concepts of human rights is not an absolute antithesis between the contents and standards of human rights. For instance, there are certain similarities and identical features between the provisions of various nations with respect to civil rights; the provisions with respect to the rights to freedom, security, speech, publication and belief enjoyed by individual members of society; and the provisions for the protection of women, children and the disabled. Hence, human rights have their international aspect, and it is possible to form international pacts on human rights. However, these similarities and identical features do not stem from the general character of human nature, or the abstract principle of humanism which says that since we are men, we all have the basic demand for entitlement to the right

to live as men, but stem from social demands, the points in common between societies. Why is it that there are points in common between bourgeois concepts of human rights and contents of human rights? As Engels put it: This is because "people no longer live in a world empire like the Roman Empire. They now live in a system formed by independent states which conduct exchanges on an equal footing and find themselves in more or less the same stage of bourgeois development. Thus, this demand naturally takes on a character which is universal and exceeds the framework of individual countries, and freedom and equality naturally come to be declared as human rights." (*Selected Works of Marx and Engels*, Vol 3, p 145) Similarly, there may be certain points in common between the human rights provisions of countries under different social systems, and it is possible for them to form some international pacts. This cannot be explained by human nature, by such humanist principles which say that we are all human beings living on the same planet, and can only be explained in terms of social development. The socialist system is superior to the capitalist system, and thus human rights concepts are different from human rights provisions. However, the socialist society, which is superior to capitalism will not, and indeed cannot, reject the achievements made by the capitalist society. For instance, it has replaced prerogatives by human rights, and recognized by means of legislation civil rights and some of the rights enjoyed by individuals with respect to the person, security, speech and belief. The establishment of the socialist system does not mean the abolition of these rights. Rather, it turns the rights of the minority into the rights of the majority, and turns verbal, fictitious and piecemeal rights into genuine, equal and protected rights. This way, there may be certain points in common between human rights provisions under two different social systems, but these are not of an abstract, general character. Its generality resides in its particularity. Even with respect to similar provisions, different countries have their own contents and denotations, such as legal protection. Thus, the international aspect of human rights and the formation and interpretation of international pacts on human rights are often divergent, even antagonistic.

2. Proceeding from human nature, the advocates of abstract humanism regard freedom, equality and universal love as man's natural instincts. Thus, their human rights concept places political rights—all kinds of so-called liberties—above everything else, taking these as the core of human rights. They do so because when the bourgeoisie first demanded human rights, they were already capitalists and economically surpassed the feudal nobles. They had money, and lacked only status and rights. To them, the right to economic subsistence had been taken care of, and what they demanded were political power, the right to freedom and democracy which had close ties with political power, as well as the right to make use of political power to protect their safety and property. The fact that they played down the right to subsistence shows that they were typical capitalists.

According to historical materialism, the mode of material production is the basis for the survival and development of society. At the core of this is the question of the ownership of the means of production. Legal provisions for the right to freedom are part of the superstructure, and their nature and applicability are determined by the economic base. As far as members of the proletariat are concerned, they must first resolve the questions of the economic base and the ownership of the means of production. Only then can they truly ensure and develop their political rights. This is a question of the right to subsistence, a question with a vital bearing on the survival and independence of a country and nation. In accordance with the principle which regards the tackling of the question of food, clothing, shelter and transportation—that is, the question of livelihood—as the basis for all other activities, historical materialism puts the right to subsistence above everything else. Unless the right to subsistence is taken care of, all other rights are out of the question. One has to be either deliberately cheating or a political blockhead to indulge in empty talk of freedom and democracy on an empty stomach.

3. According to abstract humanism, man is the starting point and end-result, the highest of all values. Thus, human rights are supreme and are above sovereignty.

According to historical materialism, the abstract man and the so-called human rights that belong to this type of man simply do not exist. Marx said: "Man is not an abstract being who resides outside this world. Man refers to man's world; it refers to countries and societies." (*Collected Works of Marx and Engels*, Vol 1, p 452) Hence, society and country are the mode of subsistence of the real man. Man lives in a given social structure and a given state system. Thus, state sovereignty is a primary aspect of human rights. Sovereignty and human rights are neither separable nor antagonistic. They cannot be separated from each other. If a member of society is cut off from the sovereignty of the country in which he resides, who is going to realize and protect his human rights? The Chinese people who have suffered so much under imperialist aggression and oppression know the answer only too well.

4. When advocates of humanism talk about the ordinary man, they are actually talking about individuals who are themselves capitalists. They elevate the capitalist man to the level of the ordinary man. Thus, the core of the bourgeois concept of human rights is the concept of individual rights. They one-sidedly emphasize the rights of individuals, and place individual human rights above collective human rights. This is consistent with the nature of the capitalist society. The capitalist society is a society based on the capitalist system of private ownership. Insofar as their interpersonal relations are concerned, members of society enjoy an independent existence similar to the atom. Their interrelations have matter as their medium. Through commodity-money relations, they form an interrelating social entity. As far as the capitalists are concerned, the individual is the most important of all; the individual is god, while the

collective is only the means to achieving the aims of individuals. The relations between the individuals and the collective are reversed. Thus, Marx said that bourgeois human rights were "egoist rights of man," "the rights of members of a citizenry." (*Collected Works of Marx and Engels*, Vol 1, p 437) The function of bourgeois human rights is to protect private property and egoist individuals.

According to the historical materialist view on the interrelations between the individual and the collective, the liberation of individual members of the proletariat must depend on the liberation of the whole class. The socialist society is a society which has the public ownership system as its main body. In the socialist society, the development of individuals and the realization of the rights of individuals are only possible within the collective and on the basis of the development of the collective. The victory of the proletarian revolution must depend on the collective. The establishment, consolidation and development of the socialist society also must depend on collective strength. Thus, unlike in the capitalist society which is based on the private ownership system, it is perfectly reasonable for the socialist society to oppose putting the individual above everything else and to attach importance to the collective human rights. This is in keeping with the mission of the proletariat to liberate all mankind and in keeping with the intrinsic quality of socialism. However, the materialist conception of history does not negate individual human rights, and neither does it use collective human rights to hinder and impair the realization of individual human rights. Rather, it correctly combines the two. Socialist countries prescribe by statutory means the rights and obligations of individuals, the rights enjoyed by individuals, as well as the responsibilities of the individual to the state and the society. This is a manifestation of the correct handling of the relations between individual and collective human rights.

From the above, we can see that the antagonism between historical materialism and abstract humanism is decidedly not a pointless struggle. They are two concepts of human rights based on two conceptions of history, and are essentially different political conclusions derived therefrom.

According to abstract humanism, human rights are the rights of man as a human being, with nothing whatsoever to do with society, and human rights are based on the person. According to historical materialism, human rights are the rights of man as a member of society, and the human rights he enjoys are determined by the social system in every respect, including nature, content, denotation and legal protection. Socialism and capitalism are two social systems, and as such have two different laws of development of human rights.

To fight for human rights was a combat call employed by the bourgeoisie in their fight against feudal autocracy. The harbingers of the bourgeoisie were sincere defenders and pursuers of ordinary human rights. They regarded

the capitalist system they longed for as the heavenly kingdom of freedom, equality and universal love, the Garden of Eden for the realization of ordinary human rights. However, the birth, strengthening and development of the capitalist system turned out to be the negation and trampling of the ideal of ordinary human rights.

In the stage of primitive accumulation, capitalism plundered the peasants and turned them into drifters deprived of landed property. As a case in point, there was the case of "sheep eat men" in Britain. Can we call this respect of human rights?

In the course of establishing the capitalist system, the Indians were savagely massacred. Can we call this respect of human rights?

In the course of its development, capitalism pursued the gunboat policy in its search for colonies and markets and used guns and cannons to massacre the people of other nations. Can we call this respect of human rights? Of course not; the history of capitalism is a history of blood and fire. Capital is indeed tainted with blood. Thus, the promises made by the harbingers of the bourgeoisie about ordinary human rights, and the provisions of the Declaration of Independence and the Declaration of the Rights of Man and the Citizen for that matter, are contradictory to the history and realization of the capitalist system itself. Engels once profoundly exposed this contradiction. He said: "Compared with the bombastic promises made by the enlightened scholars, the social system and political system established on the basis of 'the triumph of rationality' is an extremely disappointing caricature." "Commerce is becoming more of a fraud. The revolutionary maxim of 'universal love' has been realized amid treachery and envy in the course of competition. Bribery replaces violent oppression, and money replaces the sword to become the primary lever of power in society. Jus primae noctis has passed from the feudal lords to the bourgeois factory owners." (*Selected Works of Marx and Engels*, Vol 3, p 298)

When capitalism left the savage stage of primitive accumulation behind and entered the stage of what is now called the developed and civilized capitalist system, has the ideal of ordinary human rights promised by their harbingers been realized? No, and neither is it possible.

The capitalist system is essentially contradictory to the promise of ordinary human rights. The fact that the capitalist system is based on the system of private ownership determines that it has to divide people into the capitalists and the proletariat, the exploiter and the exploited, thereby rendering ordinary human rights impossible to attain. Ordinary human rights are based on the abstract man, while actual existence is just a stage of development. Only a fool will believe that one who has nothing but his mouth has the same right to freedom of speech as one who has a radio station, television station, newspaper and publishing house; that one who is penniless has the same right to be elected as one who can spare

tens and even hundreds of millions of dollars on campaign expenses; that one who roams the streets has the same protection of personal safety as one who can afford bodyguards.

True, the more capitalism develops and matures, the more human rights legislation there will be. However, their legislative and judicial bodies are separated, and so are their parliament and executive bodies. There may be increasing human rights legislation, but it does not necessarily follow that legislation will be put into practice.

In the capitalist society, laborers also have certain rights, but they must observe one precondition, namely, to abide by the capitalist law. If you abide by my law, then I will give you human rights. This is an indenture by which "one sells oneself." Abiding by the capitalist law implies that one must forever support the capitalist system of private ownership and support the capitalist political power. This is the right to slavery under the cover of "human rights." Engels had this to say with reference to capitalist liberty: "Political liberty is sham liberty. It is the worst kind of slavery. This kind of liberty exists in name only. It is slavery in reality. The same is true of political equality." (*Collected Works of Marx and Engels*, Vol 1, p 576) The same applies to the human rights issue.

From the angle of legal awareness, the fact that the developed capitalist countries protect human rights by means of legislation has much to offer; however, the capitalist system is definitely not the protector of ordinary human rights, or the "defender of human rights." The capitalist system itself determines that the concept of human rights is hypocritical and that the more the capitalist system is developed, the more it will drift away from the ideal of the "ordinary human rights" envisaged by its harbingers. The capitalist system which has grown and thrived on "human rights" in fact tramples human rights underfoot. This is the law of the development of human rights in the capitalist society.

In socialist society, human rights also have their own law of development. The development of the capitalist society is becoming more and more divorced from the ideals of human rights envisaged by their harbingers. Contrary to this, the more developed and mature the socialist society becomes, the closer it approaches the scientific socialism of Marx and Engels, and their ideal of thoroughly wiping out classes and exploitation and turning the free development of individuals into the condition for the free development of all men.

As socialism is a brand-new social system, its development cannot be smooth sailing. Due to imperfections in the legal system, the poor quality on the part of a small number of cadres, and mistakes in some of our policy decisions, instances of violation of human rights may occur. This is hardly avoidable when the socialist society is still in its infancy, and does not reflect the essence of the socialist system. Engels said: "Our aim is to establish

a socialist system, a system which will provide healthy and useful work to all, provide ample material life and leisure to all, and provide genuine and full freedom to all." (*Collected Works of Marx and Engels*, Vol 21, p 570) It is entirely possible to rely on the socialist system to overcome the mistakes which occurred in the socialist society. The socialist society has the ability to make self-improvements. The history of our country since the Third Plenary Session of the 11th CPC Central Committee has fully testified to this fact.

Of course, in our country, with an underdeveloped socialist commodity economy and a fairly large illiterate population, it is necessary to conduct propaganda and education on socialist awareness for human rights. We believe that as the socialist reform deepens, the productive forces develop and the people's cultural level rises, human rights legislation will cover a wider scope and be further improved in our country. The socialist awareness for human rights on the part of the broad masses of the people, particularly the cadres, will be strengthened and the people will be able to enjoy more extensive and higher-level human rights.

Two social systems determine two human rights situations. Only by upholding the socialist system and persisting in the reform and open policy will the human rights of the broad masses of the people be guaranteed. This is the natural conclusion of the law of two human rights developments.

#### **Chen Xitong Stresses Following Party Line**

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[Article by Beijing Mayor Chen Xitong: "Further Emancipate Our Minds and Be More Conscious About Following the Party's Basic Line"; from a speech delivered by Chen at a regular meeting of the municipal government on 9 January 1992, with "minor editing done by XUEXI YU YANJIU"]

[Text] Last year marked the first year of the implementation of Beijing Municipality's 10-Year Economic and Social Development Program and the "Eighth 5-Year Plan." Overall, it was a good beginning. Under the leadership of the party Central Committee, the State Council, and the municipal party committee, we resolutely implemented the party's basic line on all battlefronts to "make economic development the core, uphold the four basic principles, and uphold reform and opening up." We started out from Beijing Municipality's own conditions, freed ourselves from old ideas, and forged ahead vigorously. While successfully completing the tasks of hosting the Asian Games and performing our tasks at a new and higher level without slipping, which many people had worried about earlier in the year, we even fulfilled or over-fulfilled all tasks set down by the Fourth Session of the Ninth Beijing Municipal People's Congress, and we continued to make progress in all areas.

Overall, the gist of the party Central Committee's work conference, the Eighth Plenary Session of the 13th party Central Committee, and the 12th Session of the Sixth Beijing municipal party committee required us to continue to go all out to firmly and resolutely implement the party's basic line this year and further emancipate our minds, seek truth from facts, accelerate the pace of reform and opening up, and strive to make further progress this year, so that we can welcome the 14th National Party Congress with outstanding achievements.

If we are to continue to move forward this year, we must focus on solving the four "further" problems:

#### **I. Further Raise Our Consciousness About Going All Out To Implement the Party's Basic Line**

At the CPPCC [Chinese People's Political Consultative Conference] New Year's tea party, Comrade Jiang Zemin pointed out that in this new year, we must continue to focus our attention on party development and further raise the masses of party members' consciousness about following the basic party line. It was a very important speech. To strengthen the party, first the party members, especially the leading cadres at all levels, must be even more conscious about following the basic party line. The party's development is always tied to its political line. It will be impossible to build a strong party if we stray from the correct political line. "Make economic development the core, uphold the four basic principles, and uphold reform and opening up": This basic line for developing socialism with Chinese characteristics is something the party has established after several decades of arduous probing and has paid a high price for. Our comrades have personally lived through the experience. This new democratic revolution took 28 years, and we suffered many setbacks, bloodshed, and sacrifices and went through repeated defeats and victories, and finally, guided by Comrade Mao Zedong's correct basic line, the People's Republic of China was founded. The basic party line we follow today was established after the founding of the nation. It also took nearly 28 years and much arduous probing, and we also paid a high price for it, and it gradually took shape after the Third Plenary Session of the 11th Party Central Committee. It is the scientific summation of China's socialist construction and is the enrichment and development of Marxism-Leninism-Mao Zedong Thought by members of the Chinese Communist Party, with Comrade Deng Xiaoping as their representative. It is a major contribution to scientific socialist theories.

Amid the abrupt changes in Eastern Europe and the Soviet Union, why is the Communist Party of China still standing tall? Why is the socialist banner still hoisted high above this 9.6 million sq km of land? This is indeed worth serious pondering. Besides many other reasons, we must acknowledge that it is because we have a basic line which suits China's national conditions, and that is why we are able to advance forward victoriously on the road to developing a socialism with Chinese characteristics. Practice has proved, and it will become increasing more

clear as time goes by, that this line is entirely correct. Following this line, we have achieved the goal of doubling the GNP in less than 10 years; we have greatly enhanced our all-around national strength; the people are living and working in peace and contentment, and the socialist life is getting better and better. Knowledgeable Westerners, even some who only want to see us fail, cannot help but praise our miraculous economic development. Following this line, we have resisted the pressure from the West and have put down the disturbances that broke out between spring and summer of 1989 and have maintained stability and unity. Following this line, our socialist undertakings have flourished. Thus, we must be firm and resolute and continue to follow this basic line to the letter.

To follow the basic line to the letter means understanding thoroughly and acquiring a deep knowledge of the basic line and further raise our consciousness about following the basic line. Only by raising our consciousness can we avoid vacillating and straying from the basic line under any circumstance, and only then can we avoid damaging the socialist undertakings.

"One core, two basic points" is a three-in-one concept that supplements and complements each other. "One core" has no other meaning than the core of socialist economic construction. "One core" is built on the foundation of the "two basic points," and the "two basic points" must tightly wrap around the core of economic construction. The four basic principles are the roots of this nation. Without the four basic principles, socialist modernization will be without direction, without any assurance, and our nation will not be a socialist nation. Reform and opening up is the way to strengthen the nation. We must further free up and develop society's productive forces through reform and opening up, so that we can give even more play to the superiority of the socialist system.

To make economic development the core in essence is to give top priority to the liberation and development of society's productive forces. This is the basic viewpoint of Marxist historical materialism. Chiang Kai-shek was brought down because he tried to block the development of the productive forces. Now that we are in power, our primary task is to protect and develop the productive forces. The major conflict in China's society at the present stage is the conflict between the people's growing material and cultural needs and society's lagging productive capabilities. To make economic development the core is to seize this major conflict at this initial stage of socialism.

To make economic development the core is to ask that we obey and serve economic development in everything we do; we must not stray from this core, even less interfere with it. Comrade Deng Xiaoping repeatedly exhorted us to hold on to and never let go of this core except in the event of a major war. Comrade Jiang Zemin urged us to grasp economic construction and never waver. Only if the economy is on track will the

people's lives improve, and only then will they be satisfied. Only if we are rich can we raise our voice, and only then will we attain all-around national strength, and imperialism will never bully us again.

Making economic development the core is not just an economic issue but also a political issue. Why did the Soviet Union and Eastern Europe collapse so soon? Besides the fact that their party leaders had chosen the wrong line and adopted the wrong general and specific policies and followed the wrong reform direction, a major cause was their failure to improve the economy and raise the living standard. The people had little to eat and lacked the basics in life, they were dissatisfied, and the Communist Party was completely discredited. Meanwhile, we are able to sail with the wind, sit snugly in our fishing boat, resist all pressure despite the changes, and even calm the rough seas. The people are living and working in peace and contentment not only because we have strong leadership from the party Central Committee and the great Liberation Army which is devoted to the party, to the people, and to the socialist motherland, but also because we have put the economy on track and we have the support of the people. If our economy should deteriorate and the living standard should slip, we would not have political or social stability, nor would we be able to consolidate state power. Socialism does not mean poverty or stupidity. Socialism must give the people tangible benefits. To roust "the local tyrants" required that we "divide up the land"; to embrace socialism requires that "all people get rich." Putting the economy on track, raising the living standard, and making everyone rich without going the way of capitalist polarization are the goals of the development of socialism, and only by achieving those goals will the people support the Communist Party and believe that socialism is superior to capitalism. At the ceremony commemorating the 80th anniversary of the 1911 Revolution, Comrade Yang Shangkun relayed a message from Comrade Deng Xiaoping. He said that abiding by the socialist path "is a process of struggles; it is also a process of convincing and educating, but ultimately it is our own development which will convince those who do not believe in socialism. If we become relatively well-off by the end of the century, we will sober up these people a little. If we become a moderately well-developed socialist nation in the next century, we will further convince them, and many of these people will truly realize their own mistakes." If we improve the economy and hesitate no more, if we build a strong party and work hard on spiritual civilization and on fighting corruption, the people will be even more satisfied and will support the party and the government even more. It will be impossible for anybody at home or abroad to bring us down.

The four basic principles as the roots of the nation refer to the guiding ideologies, the direction of development, the state system, and the party's leadership. Reform and opening up as a way to strengthen the nation refers to the fact that socialist modernization must keep up with the



changing conditions. It means constantly reforming those links in the production relations that do not facilitate the development of the productive forces, changing the superstructure that does not suit the economic foundation, and perfecting and developing the socialist system amid the struggle with capitalism, so as to promote the development of the socialist productive forces.

In short, "one core, two basic points" is an entity. Neither part is dispensable, and we must understand it completely and implement it in whole. The party's basic line is the most effective weapon in fighting against bourgeois liberalization and against peaceful evolution. It is our fundamental guarantee against failure. We must further raise our level of cognition about the party's basic line by studying. Only by acquiring thorough knowledge can we become more conscious about implementing the basic line; only then will we not waver, and only then will we resolutely follow the basic line. Besides enrolling in theoretical study classes organized by the municipal party committee, cadres at all levels, especially the leading cadres, must set aside some time to study and discuss the party's basic line in a practical way.

## II. Add More Weight to Reform and Open Up Even More to the Outside World

This will be a good year for reform and opening up. The reasons are:

1. China enjoys political and social stability, and this provides the good social environment for reform and opening up.
2. The main goals of rectification and improvement have been achieved. Overall, society's total supply and demand are balanced, and this provides the good economic environment for reform and opening up.
3. In a changing and unpredictable international environment, we have maintained an independent, autonomous foreign policy of peace and have gone a step further to break out of the isolation and sanctions imposed on us by the West, and through these, we have won many favorable terms and elbow room for reform and opening up.
4. After 13 years of reform and opening up, we have developed a whole set of correct general and specific policies and have accumulated rich experiences. There are many examples of success which will prove very beneficial to our effort to accelerate the pace of reform and further open up.
5. The most fundamental factor, however, is that the people have received tangible benefits, and reform and opening up have struck root in the hearts of the people, and there is no turning back.

Thus, we must have a sense of urgency and seize this opportunity to step up reform and expand the scope of opening up.

As for what needs to be reformed and how we should proceed, each unit must decide for itself according to its own situation. Here we want to emphasize the following:

One, we must continue to put our efforts into improving the large and medium-sized state-run enterprises. In particular, we must strive to change their internal mechanisms. This is the focal point of this year's reform. This is the core of the core, and we must work on it relentlessly until we get results, and we must not rest until we have reached our goal. Under no circumstances are we to divert our attention from this point. Since the party Central Committee and the State Council have clearly shown us the direction and have formulated the correct policies, since we have good examples to follow, and since the masses of enterprises have the strong desire, there is no reason why we cannot accelerate the reform. The key lies in truly getting down to work. To improve the large and medium-sized state-run enterprises, we must "advance toward the market, change the mechanisms, make structural adjustments, and improve efficiency." In pursuing these reforms, we must focus on the ideological and political work, give more play to the party organizations' role as the political core, uphold and perfect the factory director responsibility system, and trust the workers with our hearts and minds.

Two, we should focus on the task of improving the large and medium-sized state-run enterprises and vigorously work on optimizing the labor composition and eliminating the "three irons (iron armchair, iron rice bowl, and ironclad wages) and one big pot." Practice proved that optimizing the labor composition can help change enterprises' internal mechanisms and fill enterprises with energy and vigor. Those who have done a good job in the past should continue to do more of the same; those who have not done well should try again. From now on, every enterprise that "comes on board" must further optimize its labor composition under these new conditions, and after reviewing our experiences carefully, we should gradually make this practice universal in every economic sector.

Three, we should focus on the task of improving the large and medium-sized state-run enterprises and complement that with other reforms. For example, we should develop new markets and reform the circulation sector and the social security system. Reform of the circulation sector includes reform of the collective economy such as developing business groups, wholesale enterprises, small businesses, and supply and marketing cooperatives. We must study these issues carefully and come up with some suggestions.

Four, rural reform should continue to emphasize the responsibility system made up primarily of the family-based output-related contracts, and we must further improve the two-level management system which integrates centralization and decentralization, actively develop the socialized agricultural service system, gradually strengthen the collective economy, and guide the peasants to embark on the road to sharing the wealth



with the rest of the nation. In particular, we should continue to vigorously reinforce, improve, and increase the kind of large scale operations characterized by the collective economy which is being promoted in the economically well-developed regions in recent years.

Five, we should go all out to push for reform of the housing system. By setting up pilot projects and taking into consideration the capital's actual conditions, we should formulate a program which, if approved by the State Council, should be implemented in steady steps.

Six, we should continue to make the reforms in education, science and technology, culture, public health, and physical education more thorough.

Seven, we should continue to work on the reform of the planning, goods and materials, financial, taxation, banking, and foreign trade systems.

Eight, we should implement the pricing reform as centrally planned by the State Council.

In short, there are many reform programs this year. In some areas, we must fully expand the reform process; in other areas, we have yet to take the first step. There is much to be done. This year, the nation will be introduced to a host of new reform programs. This fully demonstrates the party Central Committee's and the State Council's determination to add weight to the reform process. We must seize the opportunity, grasp the reform link, and promote the development of various undertakings.

This year, we should also accelerate the pace of opening up further to the outside world. We made good progress in this area last year and managed to approve an average of two "three kinds of wholly or partially foreign-owned enterprises" each day. This year, we should strive to do even better and try as much as possible to attract more high- and new-technology projects and undertake a few more export-oriented projects. We must not bring in redundant foreign projects. To increase exports, we must launch a campaign and start a group offensive. We must have specific plans and set requirements before engaging in labor export, developing overseas enterprises, and attracting outside talents. We must vigorously develop tourism. This is an important part of the effort to open up further to the outside world. We must do a good job during this "golden year" of tourism, and every department and every unit must lend its support. Beijing has unique and superior factors for developing tourism, and even greater development can be expected in the coming years.

### **III. Further Strengthen the Democratic Legal System, Develop an Honest Government, Maintain Close Links With the People, and Improve Our Workstyle.**

Socialist undertakings are the people's undertakings. Only by developing socialist democracy can we mobilize all forces to make socialism better. The government

must consciously accept the People's Congress's supervision and give play to the roles of the CPPCC; the many democratic parties and factions; the workers, the young people, and the women, and it must listen to their ideas and suggestions. We must do a better job in such things as answering letters from the masses, soliciting ideas from the people, and in the case of the mayor, calling the citizens on the phone, so that we can be more receptive of criticisms and supervision, and so that what the government does is what the people want and is in the people's interests. We must further establish and perfect various legal systems, enforce the law strictly, and maintain law and order. If we do a good job in this area, we will be forging even closer ties between the government and the masses.

We must continue to build an honest and hardworking government. Leading cadres at all levels must establish a lofty communist world outlook and outlook on life. This is the basic premise for keeping the revolution young and uncorrupt forever. We must strive to be hardworking and honest, honest and hardworking. We cannot just be hardworking but dishonest, nor can we be honest but lazy. We must be both hardworking and honest in order to shoulder the responsibilities given to us by the people. Corruption must be punished. We must always be on the alert. To avoid being corroded by bourgeois ideas, high-level leading cadres at above bureau level in particular who are in frequent contact with foreigners and foreign businessmen must be on guard and check all erroneous ideas at the outset. A hardworking government is one that makes sure that all plans are fulfilled. It takes action and does not make empty promises. Every policy and program the government formulates must have procedures to follow and specific requirements to meet, and everything should be done "by the book." If we simply have a few slogans, we will accomplish nothing. People "listen to what the government has to say and watch what it does." Empty words accomplish nothing, and ultimately, those who make empty promises will be rejected by the people.

### **IV. Further Free Ourselves of Old Ideas, Seek Truth From Facts, Boost Our Morale, Forge Ahead, and Fulfill All Tasks**

Early last year, we asked that people "emancipate their minds, forge ahead, and do a even better job this year." We got results. This year, we have much more to do. In the face of great difficulties, we must further liberate our thoughts. We must be able to see the bad side as well as the good side, and we must look at the whole picture and take a correct view, never just look at one side. We should turn unfavorable factors into favorable factors, negative factors into positive factors. Things are constantly developing. There is no end to knowledge. The cognitive process is a process of making our knowledge even more practical, keeping our subjective in line with the objective, and continuously ridding ourselves of old ideas. Emancipation of the mind means insisting on seeking truth from facts. It is to set ourselves free from the bondages of idealism and metaphysics. The correct

line of understanding is the prerequisite to formulating the correct political line, general principles, and specific policies. It is also the prerequisite to the correct implementation of the political line, general principles, and specific policies. Shortly before and after the Third Plenary Session of the 11th party Central Committee, we brought order out of chaos, debated the criteria of truth, reestablished the Marxist-Leninist line of understanding, rectified the errors of subjectivism in understanding, made new observations and relearned China's national situation, and then we were able to draw the conclusion that China was in the initial stage of socialism; only then did we formulate and establish the party's basic line. If we could not correctly understand the world, we would not be able to change the world, and we would be intimidated by temporary problems and would not be inspired with enthusiasm to forge ahead. All units must integrate reform and opening up into their own tasks, diligently analyze the ideological obstacles that have been blocking our progress, and find out where we lag behind ideologically and where our work falls short. Once we have determined our ideological and work deficiencies and removed the ideological obstacles, we will become wiser and will be able to solve many problems. All units should identify their ideological and work deficiencies and come up with solutions before they convene this year's work conference. Otherwise, they should postpone the meetings. In short, they must try their utmost to reach the highest standards they set for themselves.

The following are today's common ideological obstacles:

One, the "good enough" mentality: This year marks the last year of the present government's current term. We must avoid and try to surmount such ideological obstacles as "we have already arrived"; "gather more flowers, less thorns"; "quit while we are ahead," and "better be safe than sorry." The leading cadres especially must tackle this problem.

Two, "departmentalism" and "selfishness": We must adopt an overall point of view. The interests of a few must be subordinated to the interests of the whole. Today, in the process of readjusting enterprise structure, we must pay special attention to overcoming this tendency.

Three, the idea that strengthening the publicly-owned economy is contradictory to the development of other economic components: The proper development of the individual economy, private economy, as well as the Sino-foreign joint ventures, Sino-foreign cooperative joint ventures, and wholly foreign-owned enterprises is a necessary and beneficial supplement to the socialist economy which is dominated by the system of public ownership of the means of production. This policy will never change, because it is compatible with the level of development of the productive forces in the initial stage of socialism. Of course, we must pay attention to limiting the negative effects of other economic components and provide stronger guidance and administration.

In short, to emancipate the mind and seek truth from facts is to correctly understand the party line. This is vital to improving the leading cadres' quality. The theoretical level of the leading cadres is an important gauge of their quality. A higher theoretical level enables them to master the overall situation and do a better job in their own department or unit. Leading cadres at all levels must work harder on theories. In particular, the young cadres should study hard and lay a good Marxist-Leninist foundation. Otherwise, the complicated and changing situations will make it difficult for them to implement the party's basic line consciously or fulfill their leadership tasks. They should study more philosophy and make time for studying Chairman Mao's "On Practice," "On Contradiction," "On the Strategic Questions of Revolution and War," "On Protracted Warfare" and other works. The formulation of the correct line, general principles, and specific policies is a leap in knowledge. Turning the party's line and specific and general policies into reality is also a leap in knowledge, and it is an even more important leap. We must make sure that all tasks are fulfilled, and we want results. In this new year, we hope that the capital will continue to advance toward modernization.

#### Party Discipline Problem in Beijing Plant Cited

92CM0274B Beijing ZHIBU SHENGHUO [PARTY BRANCH LIFE] in Chinese No 4, 5 Apr 92 pp 33-34

["Discipline Is Not a Game—Leading Cadres of Beijing No. 2 Auto Manufacturing Plant Criticized For Wining, Dining, and Entertaining Family Members at Public Expense"; article "jointly investigated and prepared by ZHIBU SHENGHUO and BEIJING GONGZUO"]

[Text] On 19 December 1991, the office of the municipal party committee and the office of the municipal government issued a "Circular Pertaining To the Implementation of the General Office of the Party Central Committee's Document No. 17 [1991] and the State Council's Urgent Notice." The circular urged that "all units relay the gist of the General Office of the Central Party Committee's Document No. 17 [1991] and the State Council's urgent notice among all party members and cadres and workers and masses as quickly as possible and raise their awareness about the rule 'against spending public funds on wining and dining, gift-giving, cash or in-kind gratuities, and on pleasure trips.' Leading cadres at all levels in particular must understand this. This task should be an important part of the anti-corruption effort and the efforts to combat peaceful evolution and to build an honest government. It should be implemented in earnest. Leading cadres should set an example and do what they should do and refrain from what they should not do, so as to serve as a role model." Yet, only one month after the issuance of that circular, on 20 January 1992, an incident of ignorance of the circular and violation of party discipline by squandering public funds was exposed in Beijing's No. 2 Auto Manufacturing Plant.

### The Incident

In early 1992, No. 2 Auto Plant's Tertiary Industry Office was making plans for a work conference on the tertiary industrial system. Since the plant did not have the facilities for hosting the conference and members of the tertiary industry office were scattered throughout the municipality, it was decided that the meeting would be held in the Huashui Building near the No. 2 Auto Plant. When preparing various programs, factory director Song Chao [1345 6389] did remind the staff of the Tertiary Industry Office to abide by the gist of the above-mentioned circular and the principle of thrift and to economize. It was finally decided that 44 people would be invited to attend, and the meeting would last 3 days, from January 21 to 23. Each person was allowed 40 yuan for room and 35 yuan for meals per day. But actual expenses far exceeded this budget. For lunch on the 21st and the 23d, each person spent an average of 50 yuan and 47.6 yuan respectively. On the afternoon of the 22d, a tour of Jiulong Amusement Park was organized for 100 participants and other personnel, and at 20 yuan admission price per person, it came to 2,300 yuan. The above expenses were charged to No. 2 Auto Plant as part of its tertiary industry management cost. During the conference, staff running the conference also arranged for factory director Song Chao and deputy director Ma Fenglin [7456 7685 2651] to stay in expensive hotel suites that cost 200 yuan a day. Even worse was that they had sent invitations to the factory director's and the deputy director's wives, who had nothing to do with the meeting, and the factory director's wife brought her grandson along and the deputy director's wife brought her's. Their rooms, meals, and entertainment were all company-paid. For the three days, the total cost came to 30,053 yuan, averaging 150 yuan per person per day.

In learning about the incident, No. 2 Auto Plant's tertiary industry workers were furious. They reported to the auditing department immediately. "They wine and dined on our hard-earned money. They spent 30,000 yuan in 3 days. That is equivalent to 3 months' salary for the workers in the entire retail department!" When the municipal auditing department received the report, it immediately conducted an audit and sent an urgent report to the municipal party committee and the municipal government. Leading comrades of the municipal party committee and the municipal government took the matter very seriously and charged the Municipal Auto Industry Joint Company to investigate and deal with the matter.

### How the Matter Was Resolved

Upon receiving instructions from the leading comrades of the municipal party committee and the municipal government, the Municipal Auto Industry Joint Company immediately conducted an investigation of the above incident and even convened the standing committee of the company's party committee on 13 February 1992 to make a study. At the meeting, it was decided that "Comrades Song Chao and Ma Fenglin, as leading

comrades, should have set an example in implementing the General Office of the Party Central Committee's Document No. 17 [1991] and the Office of the Capital's Document No. 24 [1991] and the gist of the party committee of the Beijing Auto Industry Joint Company's opinion on implementing the above documents which barred the use of public funds on wine and dining during New Year's and the Spring Festival and which urged honesty and elimination of wastefulness, but they ignored the repeated orders from the party Central Committee, the municipal party committee, and the party committee of the joint company and wine and dined and entertained their family members and failed to be on guard, and as a result, they went over the budget for meals and led everyone else in violating party discipline and set a very poor example." To enforce party discipline and educate the persons directly involved as well as the masses of party members and cadres, the party committee of the Municipal Auto Industry Joint Company made the following decisions:

1. Comrades Song Chao and Ma Fenglin were given internal circulars of criticism by the party.
2. Song Chao and Ma Fenglin must repay the actual costs of the meals consumed by their family members during the conference and the admission charges for the tour. They must repay part of the cost of the two meals that exceeded the allowance.
3. Comrades Song Chao and Ma Fenglin were instructed to conduct in-depth examinations at the plant's leading group meetings to salvage their reputation.

### Factory Director Song Chao and Leaders of the Tertiary Industry Office Discuss the Lessons Learned

Why did members of the No. 2 Auto Plant do what they well knew was wrong? Weren't they afraid of being disciplined at all? To answer these questions, we visited leaders of the No. 2 Plant's Tertiary Industry Office. They said: We knew we were wrong, and in our hearts we felt bad, but we just did not want to say anything. But we have nevertheless made a mistake. Come to think of it now, there were three main reasons why we did what we did: First, it was our way of thanking the leaders of the tertiary industry for their hard work in the past year; things have not been easy. That is why we got a little extravagant with the conference when we should have been more thrifty. Second, we only considered the interests of a few and failed to consider the interests of the whole. Those who attended the conference were not only comrades of the tertiary industry but also many who had business dealings with us, and we wanted to forge better relations in hopes of getting more business this year. Third, we only thought that both the factory director and the deputy director had not been well and we wanted to invite their families along to take care of them, but we failed to consider the impact on the masses. After some careful thoughts, perhaps we were also trying to keep up with the others too. We have attended other meetings, and some leaders also brought their families along. In

short, we only considered the interests of a few, of the small group of leaders, and failed to consider the whole situation or the people's interests. We have learned a lesson. We were in charge of arranging the meeting, and we should bear the blunt of the responsibilities, and we are willing to accept any form of punishment.

Factory director Song Chao wrote the following in the examination: "For lack of personal ideological consciousness, I failed to do what the party asked of me and seriously damaged the reputation of the party organization and the enterprise. As a party member, I am deeply sorry. In particular, I failed to stop some comrades who were arranging for my family to take part in the conference. That was even more damaging. Furthermore, I failed to check the work and did not realize how much the conference was costing us, and that was what resulted in the extravagance and wastefulness. I must learn from this lesson and take concrete steps to repair the damage done to the party organization."

#### Commentary Views Incident

92CM0274B Beijing ZHIBU SHENGHUO [PARTY BRANCH LIFE] in Chinese No 4, 5 Apr 92 p 34

["Short commentary": "Dismantling the 'Sedan Chair' and Riding in the 'Sedan Chair'"]

[Text] No. 2 Auto Plant's director Song Chao and deputy director Ma Fenglin have been criticized and have to repay money they owe. They deserve it. Those who violate discipline should be punished according to the seriousness of their mistakes, so that they get a little wiser with every punishment they take.

What lessons should Song and Ma learn? One of the lessons is how to deal with the "sedan chairs" offered to them. Perhaps they did not intend to bring their families along or stay in expensive hotel suites or spend more than they should on meals. The question is, when their subordinates offered them the "sedan chair," what should they have done? Should they have dismantled the chair immediately without hesitation, or should they have climbed comfortably into it? No doubt, they should have dismantled it. They should have kept their family members from participating, refrained from partaking of the expensive meals, and refused to stay in the expensive rooms. Yet, they did not do so. Why not?

In the final analysis, it all boils down to the following: One, they must have found the chair comfortable and did not feel the need to dismantle it. Two, they did not want to embarrass their subordinates by refusing their offer, or perhaps their family members did not mind and wanted to try the chair too, and in short, they did not have the courage to dismantle the chair. Three, they felt that it would come to no harm to be comfortable for once and did not think that they would be exposed. Who would know? Perhaps there were other reasons, but ultimately, it all comes down to one point, they were selfish and did not want to dismantle the chair, and it eventually led to this shameful incident which they no

doubt regret very much. For the love of oneself, the love of the party, and the love of one's profession, those who are offered this kind of "sedan chair" should never get in. They must dismantle the chair.

There are probably two reasons why some people make these "sedan chairs" available: First, it may be out of kindness. They care about their leaders who are old and deserve better food and living conditions and the care of their family members. Second, it is because they are selfish, hoping that by throwing out a "peach" they will get a "plum" in return. In the former case, there is still a limit to kindness; one should never violate party discipline. In the latter case, it will only lead to double loss—it will ruin the party's image as well as the person's own image. So please do not offer any more "sedan chairs."

#### Debate on Determinism, Non-Determinism Discussed

HK0806091492 Beijing QIUSHI in Chinese  
No 7, 1 Apr 92 pp 30-35, 46

[Article by Pang Yuanzheng (7894 0337 2973): "Debate Between Determinism and Non-Determinism and Its Realistic Significance"]

[Text] The debate between determinism and non-determinism has been one of the most difficult and most contentious questions in philosophical research since the beginning of this century. It directly affects how we look at major philosophical questions such as causal relationships, the relationship between inevitability and chance, and the universality of objective laws. In recent years, following understanding of and reflection on some new achievements in the natural sciences and socialist practice, the major significance of this question has become increasingly apparent. It can be said that correctly responding to the debate between determinism and non-determinism is a major topic in upholding and developing Marxist philosophy and in engaging in struggle with bourgeois philosophy.

#### I

The reason the debate between determinism and non-determinism is a pressing topic in current philosophical study is, first, because it is a major front-line question in the study of the philosophy of the natural sciences. Without any exaggeration, we can say that all philosophical explanations of every major achievement in modern science contain an antagonism between determinism and non-determinism.

Quantum mechanics is a basic indicator of the emergence of modern science. The emergence of quantum mechanics not only led to a deep-going revolution in the natural sciences, but also produced great changes in the view of nature. Quantum mechanics put forward a series of philosophical questions, one of the most central of these being that involving the debate between determinism and non-determinism. The Copenhagen school,

headed by Bohr, and the quantum physics nonorthodox school, headed by Einstein, carried on an intense debate around this question for 40 years, and even today this debate has not been concluded.

On the nature of this debate, Einstein wrote: "The question lies in whether or not the theoretical description of the natural world should be determinist. In addition, there particularly exists the following question: Does there exist a conceptual image of reality which in principle is nonstatistical?" (*Selected Works of Einstein*, Vol. 1, p 509, Commercial Press, 1977 edition) To this question Einstein provided an affirmative answer. He believed that the emergence of things or processes in the natural world was bound by inevitability. Chance or probability could not be used to describe any object or target. A statistical description only shows that our knowledge is insufficient. He pointed out that quantum mechanics was not perfect and that "the imperfect nature of this description inevitably leads to the statistical nature of its laws." (*Ibid.*, p 366) He denounced it by saying: "Non-determinism is a completely nonlogical concept." (*Ibid.*, p 300)

The replies by the Copenhagen school, led by Bohr, on the question of determinism in quantum mechanics were quite complex. Their common point lay in that they all believed that the statistical explanation of quantum mechanics was something a priori and primary which could not be simplified into more basic concepts, and which could not be eliminated by any improvement in experimental techniques or theoretical thought. Put simply, they held that microcosmic theory will forever be statistical theory. Thus, they held that the determinism of classical science was no longer applicable to the microcosmic sphere. However, they differed in their expression of this idea. Bohr held that quantum mechanics "transcends determinism." Heisenberg also for a time held that causal determinism was not applicable in the quantum sphere. Bohr firmly declared: "Although I am extremely aware of the deficiencies of quantum mechanics, I believe that its non-determinist base is eternal." (*Natural Philosophy of Cause and Chance*, p 114, Commercial Press, 1964 edition)

The philosophical debate on quantum mechanics battered, on a very essential level, the mechanistic view of nature and provided fresh material for enriching and developing dialectics. Although Einstein's ideas had a heavy mechanistic hue, the basic principle of determinism which he upheld certainly had its rational elements. Although the Copenhagen school utilized inappropriate wording, below the surface level of their erroneous language, their theory contained deep-going dialectical ideas. If we are able to assess the strong points and defects of the two in a way which seeks truth from facts, it will undoubtedly greatly promote research into determinism and non-determinism. However, we must unfortunately observe that, within our country, the outlining and summation of this major debate from the high plane of dialectical materialism has not been satisfactory. This is prominently manifested in the fact that the

dense fog of theory which surrounds the debate between determinism and non-determinism has not yet been cleared away, and the philosophical explanations of this question are still confused. This leaves an opportunity for the ideological tide of non-determinism to rise and flood in the future.

Another achievement in modern science which has attracted people's attention is systems science. The systems science spoken of here encompasses a large number of new disciplines, including the general systems theory established by Bertalanffy, the control theory established by Wiener, the information theory established by Shannon, as well as the dissipative structure theory, synergetics, the hyper-cycle theory and the chaos theory which have swiftly arisen in the last 20 years. Like quantum mechanics, the rise of systems science also raises a series of philosophical problems.

As Bertalanffy said: With the existence of "systems philosophy," the concept of "system" has formed a new "standard" in the scientific revolution. It is a new "natural philosophy." It is an organic world view which sees the world as a huge organization, and thus it is completely different from the mechanistic world view which sees the processes of the world as being controlled by blind natural laws. (*Selected Classical Readings in Systems Theory, Control Theory and Information Theory*, p 120, QIUSHI Publishing House, 1989 edition) Opposition to the determinism of Laplace forms one of the basic aspects of the philosophical issues in systems science. Bertalanffy's demonstration of nonlinear causal relations within a system, Wiener's praise of Gibb's world of chance, Shannon's research into the indefinite nature of information, Prigogine's stress on stochastic variation in the ordered processes of systems, (Aiken's) [ai gen 5337 2704] production mechanism analysis of biological macromolecules and the research using chaos theory to look at the chaos which results from multiple periodic forking have time and again, systematically and in an overall way, acutely brought before scientists and philosophers the debates between linear causality and nonlinear causality, between inevitability and chance, and between kinetic laws and statistical laws. Thereby, they have produced a situation of repeated upsurges and continued momentum in the debate between determinism and non-determinism.

When we trace back the philosophical debates which have accompanied the major achievements in modern science, we have to acknowledge that the debate between determinism and non-determinism has become the foremost question in natural sciences philosophical research, and has had a major influence on the various social sciences. It must also be pointed out, not without regret, that the relative sluggishness and weakness of Marxist philosophy in the study of this question has given rise to a certain degree of upsurge in the ideological tide of non-determinism. Some words by Koestler can be seen as a footnote to this situation. He wrote: "We have heard a chorus of Nobel Laureates in physics (in the text above, the majority of the scientists quoted were Nobel Prize

winners—quoter) [as published] informing us that matter is dead, causality is dead, and determinism is dead. If that is so, let us give them a decent burial, with a requiem of electronic music.” (Cited from *Order Out of Chaos*, p 70, Shanghai Translation Publishing House, 1987 edition) From this, we can see that in our study of the philosophical questions of natural science, while upholding and developing Marxist philosophy, we must stress the study of determinism and non-determinism. This is also a major question in Marxist philosophy. At the same time, it will inevitably strengthen the links between Marxist philosophy and the natural sciences and will strengthen the guidance of Marxist philosophy over the development of the natural sciences. Research and practice in the natural sciences is integrally linked with world view and methodology. That is to say, it cannot be divorced from the influence of philosophy and the only question is whether it is influenced by “good” philosophy or “bad” philosophy. If research and practice in the natural sciences are to continually approach truth and discover truth, it cannot be divorced from the guidance of Marxist philosophy, because Marxist philosophy is a scientific world view and methodology.

## II

Another reason the debate between determinism and non-determinism has been a pressing topic in contemporary philosophical research is that over the last century it has become a front-line issue in social sciences research. In particular, this question directly affects how we look at the laws of inevitability and the social development of mankind, and this has major theoretical and practical significance.

At the end of last century, Lenin engaged in debate on the question of determinism in social development with Mikhailovsky, a Russian sociologist and prominent figure in the liberal Narodnik faction. Mikhailovsky denied that there was any inevitability or objective laws in social development, and declared that history is the product of the role played by free will. He denounced the determinism of the materialist conception of history as fatalism and held that determinism negated the role of the individual in history. Lenin refuted Mikhailovsky's non-determinist view and sharply pointed out: “The idea of determinism, which postulates that human acts are necessitated and rejects the absurd tale about free will, in no way destroys man's reason or conscience, or appraisal of his actions. Quite the contrary, only the determinist view makes a strict and correct appraisal possible instead of attributing everything you please to free will. Similarly, the idea of historical necessity does not in the least undermine the role of the individual in history; all history is made up of the actions of individuals who are undoubtedly active figures.” (*Selected Works of Lenin*, Vol. 1, p 26) The Neo-Kantians, who flourished at the end of the last century, grasped the difference between natural sciences and social sciences and also wrote much on the question of determinism and non-determinism. Windelband, the founder of the Neo-Kantian Freiburg school, pointed out that some sciences

were sciences concerned with laws, while other sciences were sciences concerned with occurrences. The first type of science explains eternally existing things, while the latter type of science explains things which only occur once. If the creation of new terminology was allowed, scientific thought in the first situation would be laws, while under the second situation it would be particular. Seen in terms of generally accepted terminology, we can in the same sense explain the contradiction between natural science disciplines and the discipline of history. (See *The Objectivity of Historical Laws*, p 72, Joint Publishing Press, 1963 edition)

Rickert, another representative figure in the Freiburg school, further divided science into sciences with laws and particular sciences. He claimed that the science of history and sciences concerned with laws are two mutually exclusive concepts. Thus, he categorically denied the possibility of the existence of historical laws, and claimed that historical laws is a contradictory term. He saw historical development and the concept of laws as being mutually exclusive.

In concord with the above-mentioned Neo-Kantians, the Neo-Hegelian Croce also strongly advocated an absolute historicism which denied historical laws. He criticized Hegel's philosophy of history from the right and accused Hegel of accepting the existence of historical laws. He proposed: History is a product of thought and thus all history should belong to the history of thought. “History is in all our minds, and its origins are in our own minds.” (*History: Theory and Practice*, p 24, 1923 English edition) “History, like poetry, and like moral consciousness, has no laws.” He openly declared: “The entirety of history and even the history of modern Europe itself, which is closest to us, is pitch black.” (Cited from *Dictionary of Modern Western Philosophy*, p 418, QIUSHI Publishing House, 1991 edition) Very clearly, Croce's absolute historicism is also an absolute historical non-determinism.

If we say that the above-mentioned Neo-Kantians and Neo-Hegelians mainly employed a distinction between the natural sciences and the social sciences, and advocated non-determinism in the social science sphere, then following the emergence of quantum mechanics, and the non-determinist explanation of quantum mechanics, the situation saw a dramatic change. The famous Western philosopher Popper, founder of critical rationalism, in a string of articles from the 1940's to the 1970's, pointed out that placing natural science methods and social science methods in opposition was an “antinaturalist” trend. On the question of the relationship between the explanation of the natural sciences and the explanation of history, like the relationship between the explanations of pure sciences and those of applied sciences, he held that the social sciences and the natural sciences should have a unified scientific research method. He believed that the non-determinism of the contemporary natural sciences was supported by the uncertainty principle in quantum mechanics and that the non-determinism of the natural sciences can provide powerful support for the

non-determinism of the social sciences. Thus, proceeding from the non-determinism of the natural sciences, he put forward a non-determinist view of history in the social sciences, and strongly attacked so-called historical determinism, which he saw as involving the assigning to social sciences of the task of revealing the laws of social evolution, so as to facilitate prediction of the future. However, he noted that historical laws have to have universal applicability. They must be capable of being applied in all historical periods of human society and not just in some periods. Thus, the logical expression of historical laws must be a universal proposition. In his view, the evolution of society is an independent historical process, and the description of the process of its evolution is a unitary historical proposition, not a universal law. Thus, he firmly denied that historical development has any laws or any inevitability. The influence of Popper's non-determinist view of history was quite great. A point particularly worthy of attention is that social democracy takes Popper's philosophy of history as one of its major theoretical foundations.

In the sphere of social history, one of the representative figures who set determinism and free will in opposition and used freedom to negate determinist views was the existentialist Sartre. Sartre proceeded from the proposition that existence preceded essence, and used "philosophy of freedom" to criticize determinism. He pointed out: "If existence truly precedes essence, then there is no point in using a fixed, ready-made human nature to explain man's actions. In other words, it will not allow determinism. Man is free. Man is freedom." (*Existential Philosophy*, p 342, Commercial Press, 1963 edition) He believed that the acceptance of inevitability and causality meant that man's freedom would be restricted, that man would be enslaved by inevitability and man could then no longer be called man.

In Western philosophical circles, although the non-determinist ideological tide has been popular for a while, there has been no lack of people who have been diametrically opposed to and argued against that tide. Of these people, the U.S. systems philosopher Laszlo is one of the very representative figures. In his works *The Systems View of the World, Evolution: A Generalized Comprehensive Theory* and *The World System—Models, Norms and Applications*, he quite objectively analyzed the various historical types of determinism, analyzed the newest developments realized in natural science and especially in systems science and, without specifying names, engaged in refutation of the non-determinist view of history put forward by Popper and Sartre. He held that it is necessary to discard fatalist determinism and mechanical determinism, but that we can maintain a "macro-determinism." Some philosophers of the Soviet Union and Eastern Europe have also carried out quite deep-going analysis and criticism of the non-determinist ideological tide in the social science sphere, and through this analysis and criticism put forward the new concept of dialectical determinism. Unfortunately, this new concept, which gives expression to the spirit of materialist dialectics, has not attracted sufficient attention. However, the

two ideological camps have again placed this question in front of our theory workers.

### III

A further reason the debate between determinism and non-determinism has become a pressing topic in contemporary philosophical research lies in the fact that bourgeois ideology is now engaged in a sharp challenge to Marxism by advocating non-determinism, and Marxist theory workers should and must counterattack strongly.

Some philosophers in the West have used the new results in modern natural science and social science research to wantonly advocate non-determinism. What is their aim in doing this? The spearhead of some bourgeois philosophers in advocating non-determinism is pointed straight at Marxism.

Popper, as the epitome of contemporary non-determinist thought, in an account he wrote of the development of his thinking, noted that when he wrote *The Poverty of Historicism* and *The Open Society and Its Enemies*, he first intended using the title *The Prophets of Deceit: Plato—Hegel—Marx*. He was afraid, however, that the intention would not be understood, so on the title page of *The Poverty of Historicism*, he particularly reminded readers and critics that the title of the book *The Poverty of Historicism* was intended as a reference to the title of Marx' work *The Poverty of Philosophy*. He claimed that Marx' failure as a prophet was due entirely to the poverty of his historical determinism. Later, in his article "Prediction and Prophecy in the Social Sciences," he bluntly wrote: "My analysis of the role of prediction and prophecy can be described as a criticism of the historical method of Marxism." "I have decided to speak as if Marxism were my main or only object of attack, since I wish to avoid the accusation that I am attacking Marxism surreptitiously under the name of 'historicism.'" (*Conjectures and Refutations*, pp 479-480, Shanghai Translation Publishing House, 1986 edition)

The U.S. pragmatist Hook also directed the spearhead of his criticism of determinism at the theory of Marxist historical materialism. He held that social determinism developed from orthodox Marxism, "but orthodox Marxism is full of metaphysical elements. In particular, when it resorts to concepts such as dialectical determinism and the inevitability of history, its dubious aspects are no less than those of the views it wants to criticize." (*Heroes in History*, p 52, Shanghai People's Publishing House, 1964 edition) Monod, who claims to have put forward the "theory of a universe of chance," in his book *Chance and Necessity*, talks a lot about the "natural philosophy of modern biology," and is even more intense in his attacks on Marxism. He declares that by making dialectical contradiction the fundamental law of all movement and all evolution, dialectical materialism attempts to put forward a systematic, subjective explanation and, through this explanation, it gives nature an ascending, constructive and creative intent. He declared that this is a revival of "animist projection,"



"which is not only foreign to science, but incompatible with it." (*Chance and Necessity*, p 29, Shanghai People's Publishing House, 1977 edition)

From this, it is not difficult to see that an obvious characteristic of the struggle being waged by bourgeois ideology against proletarian ideology is the use of non-determinism to engage in undisguised challenges to and unbridled attacks on Marxism. The Western natural scientists who have fair and objective attitudes have also seen this clearly. Bertalanffy, the founder of general systems theory, pointed out that attempts to explore the patterns of macrohistory meet obvious opposition from "official history."

Why does the official philosophy of the bourgeoisie want to advocate non-determinism? The logic is very simple. The aim is just to use this to negate the historical law that socialism will inevitably replace capitalism. Popper openly stated that Marx' "historical determinism" with respect to the realization of communism was a "utopian blueprint." He noted that while Marx opposed utopianism, his theory was still utopianism, a historical determinist utopianism. Monod, after attacking dialectical materialism and historical materialism, switched the target of his attack to socialism. He said that socialism is built on the basis of a messianic ideal of dialectical materialism and historical idealism. From the time of its birth, this ideal "contained the seeds of all the dangers later encountered." Thus, he impatiently declared that socialism's "only hope is not in a 'revision' of the ideology that has been dominating it for over a century, but in completely abandoning that ideology." (Ibid., p 134)

While we are deeply engaged in the study of Marxist theory and carrying out education in socialist faith, if we ignore the flood of the ideological tide of non-determinism and are unconcerned about it, do not engage in deep-going research, and do not carry out powerful criticism, we will find it difficult to resolve, on a deep level, the ideological confusion which exists for us.

#### IV

The debate between determinism and non-determinism has pressing theoretical significance and practical significance. In order to answer the series of philosophical questions raised in the development of the natural sciences and the social sciences and in order to counterattack against the challenge being mounted by bourgeois ideology, in this debate Marxists must firmly uphold dialectical materialism and historical materialism, and oppose all forms of metaphysics and idealism. Specifically:

First, we must engage more deeply in clarifying and criticizing mechanical determinism.

Mechanical determinism is a metaphysical view of nature. Although mechanical determinism affirms causality, necessity and laws, it simplifies and makes absolute this causality, necessity and laws. It sums up diverse and disparate causal relationships in a single, linear causal relationship; it sees necessity as a pure necessity which completely excludes chance; and it simplifies complex and diverse laws of movement of matter as a single dynamic law. Mechanical determinism does not understand the dialectical relationship between unity and diversity in the links between and the development of things, and does not understand the dialectical relationship between inevitability and chance. The restricting nature of this metaphysics means that it is unable to reveal the complex and diverse causality, inevitability and laws of the objective world. Thus, under the battering of the powerful tide of modern science it will inevitably see irreversible decline. Marxist philosophy, as the antithesis of metaphysics, emerged and developed through criticism of the mechanistic view of nature. In particular, materialist dialectics is brimming with analysis and criticism of mechanical determinism. The development of modern science has also provided a great amount of new materials for sorting out and criticizing mechanical determinism. Materialist dialectics needs to more fully digest and utilize these materials, and this requires that the sorting out and criticism of mechanical determinism be further developed and deepened.

However, in the process of criticizing mechanical determinism, we must oppose the practice of people who try to force mechanical determinism onto Marxist philosophy. This practice completely confuses black and white. In fact, it was Marx and Engels who first clearly engaged in philosophical criticism of mechanical determinism. Engels' *Dialectics of Nature* is a representative work which expounds in an overall way and criticizes mechanical determinism. In this work, Engels criticized mechanical determinism's mistaken concepts with respect to causality, inevitability and laws, and expounded on the dialectical relationship between cause and effect, inevitability and chance, and the unitary nature and diversity of laws. He incisively pointed out: "Mechanistic theory cannot break free from abstract inevitability and thus cannot break free from chance." (*Dialectics of Nature*, p 186) He criticized "ideologically empty mechanical determinism" and "its belief that everything rests on irrefutable necessity. This is a poor consolation." (Ibid., p 188) If one reads this book carefully, it is not difficult to see that the practice of trying to force mechanical determinism onto Marxism is, if not the result of utter ignorance, certainly due to evil intentions.

Second, we must, in a clear-cut way, oppose and criticize the ideological tide of non-determinism.

Non-determinism, under the banner of opposing mechanical determinism, slides from one extreme of metaphysics to the other. From negating unitary, linear causality, it moves to negating the universality of causality; from negating pure inevitability, it moves to



negating overall inevitability and propagates absolute chance and uncertainty; from negating the unitary nature of dynamic laws, it moves to negating the objective laws which govern things. In the view of non-determinism, the universe is nothing but an accumulation of a large volume of chance occurrences, and the world is but a place where free will gallops around. Thus, non-determinism is not only typical metaphysics, but inevitably leads to idealism. Speaking from this angle, non-determinism is even more absurd than mechanical determinism.

In criticizing the ideological tide of non-determinism, we must pay attention to stripping away its camouflage of modern science. Non-determinism negates causality, inevitability and laws, and this is not compatible with the spirit of modern science. The great scientific achievements of the 20th century, regardless of whether we speak of quantum mechanics, systems science or molecular biology, have been a deepening and development of our understanding of the natural world's causality, inevitability and laws. At the same time as they have cleared away the mechanistic concepts from the idea of determinism, they have used the powerful force of natural science to support the base of determinism and laid down a firm natural science base for the production of a new-type scientific determinism. As to some of the great natural scientists who have, when criticizing mechanical determinism, mistakenly mixed together mechanical determinism and all other types of determinism, this was mainly a result of a mistaken choice of words. They certainly did not intend to negate causality, inevitability and laws. If one seriously studies the works of these great scientists, one will clearly recognize this. Thus, if we want to strip away the scientific camouflage of non-determinism, we must pay attention to studying the scientific thought of some major scientists, cherish their spontaneous dialectical thought, clarify these superficial mistakes in wording, and explain, in a deep-going way, the complex historical and cognitive causes which produced this situation.

In criticizing the ideological tide of non-determinism, we must particularly stress the criticism of the non-determinist view of history. Historical non-determinists do not understand historical dialectics and even less do they comprehend historical materialism. They are out-and-out historical idealists. They esteem free will and historical chance and exaggerate, without limit, the role of choice by the subjects of history. However, the truth is that behind this free will and behind this chance and choice by the subject, there still exists the inevitability of history. As Engels pointed out, in the sphere of history, as the orientations of the activities of people's wills are different, this produces various types of interlinked forces and a large amount of chance. However, "all such societies are governed by necessity, the complement and form of appearance of which is accident. The necessity which here asserts itself athwart all accident is again ultimately economic necessity." (*Selected Works of Marx and Engels*, Vol. 4, p 506) Historical non-determinists are unwilling to and dare not directly face this fact. This shows the extremely weak mentality of the apologists for bourgeois ideology in their hostility toward Marxism.

Third, we must uphold and develop Marxist dialectical determinism.

Even during the period when mechanical determinism was still rampant, Engels had pointed out that the so-called philosophy current at that time could not in any way provide a way out for natural science. "Apart from metaphysical thought of one sort or another returning to dialectical thought, there is here no other way out and no possibility of achieving clarity of thought." (*Dialectics of Nature*, p 29) Dialectical determinism has developed and strengthened in the process of continual criticism of the two types of metaphysics constituted by mechanical determinism and non-determinism, and is a completely new type of scientific determinism. Marx and Engels were the first to establish dialectical determinism. The major developments of modern science since the beginning of this century have on the one hand powerfully proved the correctness of dialectical determinism, and on the other have provided a large volume of fresh materials which have played a decisive role in perfecting and developing dialectical determinism. Only by using these newest achievements in modern science in order to arm and develop dialectical determinism can we ensure that dialectical determinism fully manifests the spirit of contemporary science, and only thus will we be able to fully overcome mechanical determinism and the various forms of non-determinism.

Dialectical determinism, which was established and develops on the basis of new scientific achievements, affirms the causality, inevitability and laws of things. At the same time, it holds that this causality is not only unitary and linear, but in even more cases is diverse and nonlinear. This inevitability not only does not exclude chance, but has chance and probability as forms of manifestation and supplements. Everything is a dialectical unity of inevitability and chance, determination and randomness. The laws not only include the dynamic laws, but also include statistical laws, which are not only manifested as a unity in the laws of movement of different material forms, but also manifested as qualitative difference and diversity in the laws of movement of different material forms. In the sphere of history, dialectical determinism not only recognizes the inevitability and laws of history, but also recognizes the dynamism and historical choices of subjects. It believes that in the face of objective laws, man is not a passive doll stuck in a situation where he can do nothing. As long as we recognize the inevitability of history, and grasp and follow historical laws, people will have historical dynamism and will realize the best choices within the space of possibility provided by historical development. Dialectical determinism is the only correct choice for scientifically resolving the debate between determinism and non-determinism. At the same time, it is a sharp ideological weapon for criticizing and vanquishing mechanical determinism and non-determinism. Divorcing ourselves from dialectical determinism will only lead to new ideological chaos.

## Provincial

### Beijing Municipal Economic Development Report

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["Excerpts" of report by Wang Baosen, vice mayor of Beijing Municipality and concurrently chairman of the Municipal Planning Commission, on Beijing Municipality's implementation of the 1991 economic and social development plan and the 1992 draft plan, given at the fifth session of the ninth municipal people's congress on 17 April]

#### [Text] 1. Implementation of the 1991 Economic and Social Development Plan

Under the leadership of the Beijing Municipal CPC Committee, in 1991, the people of all nationalities across the municipality comprehensively implemented the basic line of "one focus and two basic points," emancipated the mind, spared no efforts to do pioneering work, surmounted various difficulties in the course of advancement, fulfilled and overfulfilled the economic and social development plan as approved at the fourth session of the ninth municipal people's congress, and made a good start in realizing the 10-Year Program and the Eighth Five-Year Plan.

A. Social production comprehensively increased and the overall economic strength of the municipality was further bolstered.

The gross domestic product was 56.17 billion yuan, overfulfilling the planned target and showing an increase of 7.5 percent. The national income increased by 7.2 percent over the previous year.

B. The municipality reaped bumper agricultural harvests thanks to the efforts to overcome the serious natural disasters in some areas and the rural economy was comprehensively developed.

Despite the fact that the mountainous areas in the northern part of the municipality were hit by serious natural disasters, the suburban districts still overfulfilled the annual agricultural production plan and reaped bumper agricultural harvests for the 14th consecutive year. The grain output reached 2.797 million tons, overfulfilling the plan by 397,000 tons. The per-mu yield reached 640.8 kg. Last year, the municipality set records in both total output and the per-unit area yield. The plans for the output of such foodstuffs as vegetables and meat were overfulfilled. The output value of town and township industrial enterprises reached 20.29 billion yuan, which was close to one-fourth of the municipality's total industrial output value. These enterprises realized 2.35 billion yuan in profits, an increase of 18.2 percent over the previous year. The town and township industrial enterprises became not only the main pillars of the rural economy but also the key forces of the municipality's economic construction.

The large scale and the high efficiency of farmland water conservancy projects with the focus on "having a key river bring along ten rivers" was unprecedented in the past 30 years, and greatly upgraded our disaster combating capability. The agricultural infrastructural facilities were further strengthened.

C. Industrial production increased by a big margin. The decline in economic results was brought under control, and they started to rise after autumn.

The total industrial output value of the municipality reached 89.03 billion yuan, an increase of 12.5 percent over the previous year. The targets for production of the 22 products covered in the state mandatory plan were overfulfilled. The output of electronics and vehicle industries suitable to the special characteristics of the capital respectively increased by 30.6 percent and 28.7 percent over the previous year. Both the output and the marketing volume of vehicles surpassed 100,000. There was a good trend in developing the enterprises involving foreign capital. The output, export volume, and profits of the enterprises involving foreign capital respectively increased by 55.1 percent, 29.3 percent, and 39.2 percent over the previous year.

To improve state-owned large and medium-sized enterprises and speed up industrial development, at the beginning of the year, the municipal party committee and the municipal government launched a campaign for learning from the Shoudu Iron and Steel Company's reform experiences and formulated the 40 policies on improving the external environment of enterprises. After the working conference of the CPC Central Committee, the municipal party committee and the municipal government formulated, in line with the reality of the municipality, 15 policies on improving the state-owned large and medium-sized enterprises to further improve the external environment of the enterprises. With the focus on changing the internal managerial mechanism of enterprises, we experimented with various reform measures and successfully mobilized the enthusiasm of the enterprises and their staffs and workers. The economic results of industrial enterprises rose after an initial decline. The profits and taxes turned over to higher authorities by the local budgetary industrial enterprises reached 5.02 billion yuan, an increase of 10.7 percent, and the profits realized by these enterprises increased by 7.3 percent. Thus, these enterprises put an end to the decline in economic results that continued for one year and nine months. The money-losing enterprises achieved initial success in bringing their losses under control. The deficits were reduced by 33.2 percent during the year.

D. Markets were brisk and prices were basically stable.

The total volume of commodity retail sales reached 35.77 billion yuan, surpassing the planned target by 1.77 billion yuan and showing an increase of 16.3 percent. There was an ample supply of commodities, and there was a superb collection of new, special, quality, and famous-brand commodities. All this better satisfied the

consumer demand at various levels. Commercial units of various categories increased by more than 8,000, and country trade fairs increased to 780. All this gave convenience to the people.

Under the situation that the state readjusted the prices of coal and crude oil and railway transportation charges, particularly the prices of grain and oil that had not been readjusted for 25 consecutive years, the market retail price index rose by 8.5 percent, lower than the planned target of 10 percent. Markets were stable and the savings deposits of the people continued to increase by a big margin.

E. The pace of opening to the outside world was accelerated and new progress was made in foreign economic relations, foreign trade, and tourist trade.

The foreign investment environment was further improved. New progress was made in using foreign capital. A total of 724 enterprises involving foreign capital were approved during the year, two times the figure of the previous year and exceeding the total figure in the Seventh Five-Year Plan period. Of these, 94.7 percent were productive enterprises. A total of \$368 million in foreign capital was used during the year. Foreign trade enterprises had their financial subsidies abolished and carried out the new system of responsibility for their own profits or losses. The proportion of exports by enterprises with decision-making power in export management, the enterprises involving foreign capital, and the enterprises carrying out the double-tracking system amounted to more than 35 percent of the total. The municipality's export volume reached \$1.37 billion yuan, an increase of 3.7 percent over the previous year. The tourist trade continued to be brisk. A total of 1.321 million overseas tourists were received during the year, an increase of more than 320,000 over the previous year. The foreign exchange income reached \$850 million, an increase of 29.2 percent and setting an historical record.

F. Key progress was made in key construction and technological transformation, and a large number of dangerous and old houses were renovated.

Localities of the municipality invested 8.77 billion yuan in fixed assets, an increase of 17.7 percent over the previous year, and ensured the needs for building urban infrastructural facilities, conducting technological transformation among industrial enterprises, and rebuilding dangerous and old houses. Simultaneously, the localities reasonably arranged the construction projects concerning agriculture, science and technology, education, public health, public security, and political and legal work.

Key progress was made in urban infrastructural facilities. The "Xixiang Road" project was completed and opened to traffic. This not only alleviated the strain on transportation in the southwestern urban districts but also helped promote economic development and urban construction. Another 92,000 households had gas supply

systems installed, 2.11 million square meters of houses had central heating systems installed, and the urban telephone installed capacity reached 104,000 lines, overfulfilling the planned targets. Great achievements were made in transportation, postal, and telecommunications projects.

A total of 10.365 million square meters of housing, including 5.784 million square meters of residential housing, were completed. Urban dangerous and old houses were rebuilt on a large scale. A total of 430 million yuan was invested in housing construction during the year. Some 1.5 million square meters of housing were being built and some 500,000 square meters were completed during the year. Some 6,200 households were permanently settled or relocated.

The technological transformation of the industrial enterprises was accelerated. A total of 2.7 billion yuan was invested in this regard, an increase of 400 million yuan over the planned target. The completion and operation of a new pharmaceutical plant, the first machine tool plant, and the people's machinery plant added new vitality to industrial development. Regarding the projects to enhance the reserve strength of the industrial enterprises covered in the Eighth Five-Year Plan, including the 115,000-ton ethylene project at the world advanced technological level, the second phase of the Beijing-Matsushita color TV tube project, and the integrated circuit project of the Shoudu Iron and Steel Company, some started construction, and others were provided with the conditions for starting construction.

Educational and medical facilities were further improved. Some 160,000 square meters of school buildings were rebuilt or expanded, and some 600,000 square meters were built during the year. Simultaneously, the number of classrooms increased by 3,000, and more than 300 schools had their conditions for instruction and learning improved. The goal to prevent the "two-shift" system during the peak period for primary school attendance was attained for four consecutive years. The program for eliminating the "two-shift" middle schools was being carried out. A number of new hospitals, including the Beijing Hospital, Renmin Hospital, and Jishuitan Hospital, were built and made available for use.

G. Revenues continued to increase, and the financial situation was very good.

The municipal revenues reached 7.7 billion yuan, showing an increase of 4.1 percent over the previous year and overfulfilling the target. The revenues have steadily increased for nine years running. The year-end bank savings deposits increased by 24.2 billion yuan over the figure at the beginning of the year and set a historical record. Loans increased by 8.76 billion yuan to support state large and medium-sized enterprises and foreign export trade enterprises on a priority basis. Income from insurance business reached 660 million yuan, an increase of 23 percent over the previous year.

H. Noticeable achievements were won in making the urban areas green and beautiful and protecting the environment.

Trees, grasses, and flowers were planted on some 329 hectares. Simultaneously, more than 20,000 rare and old trees were saved and appropriately protected. A group of small parks, sculptures, and landscapes was built according to actual conditions. All this helped beautify the environment. Great achievements were scored in making the suburban areas green. To apply for the convocation of the Olympic Games in 2000, the municipality carried out the campaign for comprehensively improving the environment with the focus on eliminating dust and vehicle emissions. A total of 74 pollution sources and 96 regular noise sources were eliminated, and 12 plants and workshops causing serious pollution were improved or relocated during the year. All urban districts controlled their smoke and dust. A total of 138 closed garbage disposal stations were built, and more than 38 million square meters of roads were kept clean.

New headway was made in geological prospecting, territory planning, and people's air defense work.

I. New achievements were made in social undertakings, such as scientific and technological and educational projects.

Noticeable achievements were made in disseminating and applying scientific and technological findings. The municipality applied 3,888 scientific and technological findings and created 2.7 billion yuan in output value and more than 570 million yuan in profits and taxes from this. Fruitful achievements were made in implementing the plan for rejuvenating industrial techniques, "the Agricultural Spark Plan," "the urban construction plan," and "the urban management plan," and headway was made in tackling difficulties concerning new and high technology and in making industrial experiments. The new technological industrial development experimental zone was ceaselessly expanded. Meanwhile, land and information industrial bases were newly developed. The Fengtai and Changping scientific and technological parks were being developed. New achievements were also made in the research of social sciences.

Schools of various categories basically fulfilled the student recruitment plans. The ordinary institutions of higher learning subordinate to the municipality recruited 172 postgraduates and 9,770 undergraduates, and the secondary specialized schools recruited 12,551 students. Educational reform was continuously deepened, and school quality was improved. The payments for teaching and administrative personnel increased to a certain extent.

Great achievements were made in medical service and health undertakings. The incidence of infectious diseases of types A and B was reduced by 12 percent from the previous year. The planned immunity inoculation was conducted in some 98.7 percent of the districts and counties, greatly surpassing the standards fixed by the

World Health Organization. More than 27,00 new sickbeds were installed, exceeding the quota by 1,200.

New achievements were made in cultural work, and fruitful results were made in sports competitions and mass sports activities. In international and domestic major competitions, we won a total of 83 gold medals and broke one world record, one Asian record, and five national records.

We also scored new achievements in family planning work. The planned birth rate of the entire municipality reached 98.8 percent. The number of births during the year was 36,800 below the assigned target, the natural growth rate of the population with permanent residence in the municipality was 2.86 per 1000, and the permanent population at the end of the year reached 10.395 million, a decline of 55,000 people from the planned growth figure.

J. The people's living standards further improved.

The average per-capita income for living expenses of the urban residents was 2,040 yuan, an increase of 14.2 percent over the previous year, or an increase of 2.1 percent if the cost of living increase is factored in. The average per-capita net income of peasants was 1,422 yuan, up 9.7 percent over the previous year or an actual increase of 5.4 percent when the rise in prices is deducted. The total saving deposits of the urban and rural residents reached 29.85 billion yuan, an increase of 31.7 percent over the figure calculated at the beginning of the year. The average per-capita living space of the urban residents increased to 11.6 square meters, and the average per-capita living space of the rural residents increased to 21.9 square meters.

K. Major progress was made in the reform of the economic system.

New strides were made in the reform of the economic system. We gave priority to promoting reform of the state large and medium-sized industrial enterprises, the commercial circulation system, the foreign trade system, and the labor, personnel, and wage systems; readjusted the prices of some capital goods and farm and side-line products; and conducted relevant supporting reforms of the planning, financial, tax revenue, banking, and social insurance systems. In the rural areas, we consolidated and developed the various forms of the output-related contract responsibility system and expanded the optimum-scale farming characterized by collective operation and the linking of the remunerations of individual households and laborers to their production. New progress was seen in the scientific and technological, educational, public health, and cultural aspects. All sorts of reforms effectively promoted the development of the economy and other social undertakings.

The aforementioned facts fully show that the fulfillment of the 1991 Beijing Municipal economic and social development plan was good and encouraging, which

helped to further enhance our determination and confidence in following the socialist road with Chinese characteristics.

There were still some problems and contradictions in the economic work, which mainly included the following: The progress of the structural readjustment was slow; the level of development in the tertiary industry lagged far behind some economically developed countries; the development of markets was imperfect; the efficiency of some state large and medium-sized industrial enterprises was not high, resulting in a lack of vitality and momentum for development; the equipment of a number of enterprises was outdated, their management was backward, and their losses were serious; the capital's scientific and technological and intellectual advantages were not fully displayed; the urban infrastructure facilities still could not meet the development needs of the capital; the quality of agricultural readjustment was fairly low, and the development of the commodity economy was not good enough; the economic system was far from improved, and the tasks of changing the enterprise operational mechanism and government functions still remained heavy; and the economic operational mechanism marked by a combination of the planned economy with market regulation still needed to be further boldly explored. All these problems must be gradually solved through our bold reforms and adoption of practical and effective measures.

## 2. Suggestions for Arrangements of the 1992 Draft Plan

The 1992 draft plan was arranged in accordance with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and a series of important viewpoints, the guidelines of the enlarged session of the Political Bureau of the party Central Committee and the fifth session of the Seventh National People's Congress [NPC], and the demands made in Mayor Chen Xitong's government work report. The general ideas are to unswervingly implement the party's basic line of "one central task and two basic points" and guard against rightist elements with the main attention on preventing "leftist elements"; to emancipate minds and accelerate the pace of reform and opening up; and to readjust the structure, raise efficiency, rely on scientific progress, and seize the favorable opportunities to promote better and quicker economic development. According to the arrangements of the draft plan, the gross domestic products of the entire municipality should be valued at 62.5 billion yuan, up 6.5 percent over the previous year if calculated in terms of comparable standards. We have allowed certain flexibility while setting this target, and we should strive to overfulfill it.

A. We should continue to strengthen agriculture and raise the overall quality of the rural economy.

According to the arrangements of the draft plan, the total grain output should reach 2.5 million tons, and efforts should be made to strive to surpass the level of last year and to make this year the 15th bumper harvest year in

the course of implementing the plan. The production of some nonstaple foods sold as commodities, such as vegetables, meat, eggs, and milk, should be arranged in line with the principle of striking a general balance with a small surplus according to market supply and demand. In the course of implementation, on the one hand, we should expand sales and try our utmost to develop the existing production capacity, and, on the other hand, we should strive to reduce costs, increase product varieties, develop intensive processing industry, raise the capacity for market competition, and develop a type of efficient farming that produces products which can be sold as commodities. Township enterprises should actively readjust structure, strengthen management, increase their scale, seek improvements, and increase the sales income and profits by more than 15 percent each.

B. We should readjust the structure, raise efficiency, and accelerate the development of industrial production.

According to the arrangements of the draft plan, the entire municipality's increased value of industry should grow by 8.5 percent over last year. Districts, counties, and departments with favorable conditions should try their best to achieve this at a quicker rate. The general demand is to accelerate industrial development on the premise of raising efficiency and quality, increasing product varieties, expanding sales, and actively developing the export-oriented economy. We should exert all-out efforts to increase the production of readily marketable products; produce according to market demand the products which enjoy average sales; and restrict the production of unsalable products and never allow new stockpiles of goods. The major efficiency targets are as follows: The profit-tax rate of the local budgetary industrial enterprises should be raised by 1 percentage point and the circulation period for the fixed amount of working funds should be shortened by five days. By the end of the year, the funds of local budgetary enterprises tied up by finished products, goods shipped in transit, and receivable and advance payment for goods should be reduced by about 8 billion yuan, and the range of money-losing enterprises should be cut by more than 20 percent on the basis of the year-end figure of last year. Under the arrangements of the draft plan, the output of major products should include 13.6 billion kwh of electricity, 87,000 tons of chemical fertilizer, 105,000 vehicles, 14 million meters of woolen fabrics, 550,000 color television sets, and 100,000 video recorders.

C. We should actively develop the tertiary industry and further invigorate the markets of the capital.

The capital has all sorts of favorable conditions for developing the tertiary industry which should be actively developed as a major industry. This year, the output value of the tertiary industry should account for more than 40 percent of the entire municipality's GNP. On the basis of the general survey on the tertiary industry, we should study and work out plans and preferential policies for developing the tertiary industry and encourage

all trades and professions and all localities across the country to invest in and develop tertiary industry in Beijing. We should vigorously strengthen the construction of the facilities for the tertiary industry and marketing and service networks. In coordination with the renovation of old and dangerous houses, we should start building several new commercial streets, including Chaowai Street, Guanganmennei Street, and Guanganmenwai Street, and we should plan for the construction of new commercial centers at the Beijing station, the west railway passenger station, and Madian. This year, we should complete the construction of 11 new large and medium-sized markets and 5,000 commercial units. While developing the traditional tertiary industry, we should adopt measures for speeding up the development of new industries, such as information, consultation, real estate, scientific and technological service, financial, and insurance industries.

According to the arrangements of the draft plan, the volume of retail sales of commodities should surpass 40 billion yuan, increasing by 12 percent over the previous year. We should continue to ensure the distribution, purchasing, and supply of key commodities in the national economy and the people's livelihood; upgrade service quality; and deal blows to fake and poor-quality commodities. We should positively ensure a balance between the supply and demand of a small number of key commodities, such as oil, chemical fertilizer, and highly efficient farm chemicals which cause little pollution.

D. In line with the state industrial policy and the special characteristics of the capital, we should reasonably arrange the construction scale, readjust the investment structure, and ensure the construction of key projects.

According to the state assigned plan, we should first arrange 7.84 billion yuan of investment in fixed assets of society and then ask the State Planning Commission to make supplementary arrangements if necessary in the course of implementation. Besides, we have also arranged 2.1 billion yuan of investment in building commercial houses. The municipality should start or resume construction of more than 20 million square meters of houses and complete more than 8 million square meters.

We should readjust the investment structure; continue to put the construction of urban infrastructural facilities in the first place; positively conduct technological transformation among large and medium-sized enterprises according to the orientation of readjusting the municipal industrial structure; positively arrange electronic, vehicle, and ethylene projects; vigorously attend to housing construction and the renovation of old and dangerous houses; strengthen the construction of farmland water conservancy projects; and reasonably arrange educational, scientific and technological, and public security projects.

We should ensure the supply of funds for developing key projects. The municipality has arranged 37 key projects, including 14 new projects, setting an historical record. First, we should arrange 19 infrastructural projects, including the Nanxiang Road project linking Dongxiang Road and Xixiang Road, the expressway to Shoudu Airport, the reconstruction of the second ring road, the auxiliary project for the west railway passenger station, the second pipeline to divert the oil from Huabei Oilfield to Beijing, the coal gas project of Shoudu Iron and Steel Company, the heat supply pipelines of Shijingshan Power Plant, the second-phase project of the ninth water works, and the Gaobeidian sewage treatment plant. Second, we should arrange eight projects for enhancing the reserve strength of industrial production, including the Beijing light vehicle manufacturing plant, the second-phase project of the Beijing-Matsushita color television tube plant, the large-scale integrated circuit plant of the Shoudu Iron and Steel Company, the program-controlled telephone switchboard of the No. 738 plant, and the 115,000-ton ethylene project. Third, we should ensure the construction of 5 million square meters of urban houses, including the projects for rebuilding 2.6 million square meters of old and dangerous houses, and the completion of 1 million square meters of houses. Besides, we have also arranged a group of farmland water conservancy projects to harness Yongding He and Chaobai He; a group of educational, scientific and technological, and public security projects; and the projects to build offices for the municipal committee of the Chinese People's Political Consultative Conference and the various democratic parties.

E. We should expand the scale of opening up, actively use foreign capital, and strive to increase exports.

Under the arrangements of the draft plan, the actual amount of foreign capital used during the year should be \$500 million, an increase of \$130 million over the previous year. We should strive to make a new breakthrough in the utilization of foreign capital. Developing the three types of foreign-funded enterprises is the priority for expanding the scale of opening up. We should further emancipate minds, be bolder, and strive for a quicker and better development on the basis of last year's achievements. We should also actively bring in foreign advanced technology, key equipment, management experience, and technicians and do a good job in mastering, applying, and further developing technology. It is necessary to accelerate the development and construction of the Yizhuang Industrial Development Zone, Shangdi Information Industrial Base, Fengtai and Changping Science and Technology Parks, the small zone for the development of the tertiary industry in the city proper, and the small industrial zones in suburban counties, and to create favorable conditions for expanding the scale of opening up and bringing in foreign capital. We should further develop overseas markets, develop the enterprises with overseas investment, and expand the number of contracts for projects in other countries and for the export of labor service.

We should strive to expand foreign export trade. Under the arrangements of the draft plan, we should strive to make the municipality's total volume of foreign export trade reach \$1.45 billion. Effort should be made to regard the improvement of economic efficiency as a central task, unceasingly readjust the export commodity mix, actively raise the quality and standing of our products, and reduce the cost of foreign exchange earning and operational funds. We should fully develop the advantages of all sorts of foreign trade enterprises and make fairly big strides in combining industry with foreign trade and in expanding the exports of the enterprises operating on their own.

Through the activities of "Visit China in 1992," and the "Golden Year for Touring in Beijing," we should further raise the quality of tourist services and economic returns, strive to attract 1.45 million overseas tourists, and earn \$950 million in foreign exchange.

F. We should strive to increase financial revenues, guarantee essential expenditures, and raise the efficiency in the use of credit funds.

Under the arrangements of the draft plan, the local financial revenues should reach 8.008 billion yuan, up 4 percent from the previous year, and the financial expenditures should be 6.9 billion yuan, up 1.5 percent. Continued efforts should be made to cut financial allowances, strengthen the collection and management of taxes, and improve and strengthen management of the state fixed assets.

According to the credit plan of banks, initial arrangements are made to increase savings deposits by 15 billion yuan, people's savings deposits by 7 billion yuan, and loans by 9 billion yuan. It is necessary to readjust the pattern of loans, invigorate the flow and rational use of funds, and raise the efficiency in the use of funds. Through the adoption of a special credit policy, we should continue to support state large and medium-sized enterprises, scientific and technological progress, renovation of dangerous and old houses, and other reform undertakings and actively help enterprises end deficits, increase profits, and cut the funds tied up by finished products, goods shipped in transit, and receivable and advance payment for goods. In line with the state demands, we should continue to pay attention to clearing up "debt chains," implement and perfect the work of linking the reduction of stockpiled goods with the issuance of loans for technological transformation, actively develop insurance undertakings, expand the scope of the insurance business, and boldly open up new insurance programs.

G. We should actively promote scientific and technological progress, develop educational and various sorts of social work, and do a good job in family planning work.

It is necessary to firmly bear in mind the idea that science and technology are the primary productive forces; actively develop high and new technology; continue to fulfill the scientific and technological plans, such

as the "Torch Plan," the "plan on invigorating industry and technology," and the "Agricultural Spark Plan"; organize efforts to tackle scientific and technical problems concerning electric power and electronics, optical fiber communications, and other high and new technology; do a good job in carrying out industrial experimentation and building intermediate experimental bases; and commercialize, industrialize, and internationalize high and new technology. We should continue to increase investment in science and technology and do a better job in running new technology industrial development experimental zones.

By firmly embracing the idea that education is of fundamental importance to the fulfillment of our great long-range mission, we should continue to strengthen basic education and constantly improve the quality of education. We should make great efforts to improve the educational conditions of remote border areas and improve their level of teaching. We should accelerate the readjustment of the disciplines and the scale of the institutions of higher learning run by the municipality. We should continue to strengthen the education of secondary, vocational, and technical schools and should successfully develop adult education with the focus on vocational training in order to make education better serve economic construction. We should meet the demand of improving the quality of education, consolidate and develop teachers' training education, and intensify the training of incumbent teachers. As arranged by the draft plan, this year, ordinary high schools in the municipality will enroll 27,000 students, the municipal-run vocational (agricultural) middle schools will enroll 15,000-17,000 students, technical schools will enroll 10,000 students, secondary specialized schools will enroll 11,000 students, ordinary institutions of higher learning will enroll 9,720 undergraduate students and 175 graduate students, and the higher educational schools for adults will enroll 8,585 students.

Public health units should emphatically strengthen the work related to disease prevention and public health in rural areas. We should continue to control the incidence of type A and B infectious diseases. In 1992, the municipality plans to set up 2,000 new hospital beds, of which 800 beds are covered by the capital construction plan.

We should strive to develop the socialist cultural undertakings and perfect the mass cultural facilities. We should positively conduct the mass sports activities and the sports for the purpose of competitions and train and provide sports talents.

We should firmly and unswervingly grasp the family planning and birth control work, with the emphasis on strengthening the construction of the rural family planning service stations. At the end of this year, the net increase in the population who are registered as permanent residents in the municipality should be controlled within 130,000 persons, and the natural population



growth rate should be kept within 7 per 1000. We should strictly control the population growth resulting from migration.

H. We should continue to grasp land planning and environmental protection.

We should develop land, improve the use of land in a planned way, and strengthen the planning and study of the distribution of productive forces. We should conscientiously implement the "Law on Mineral Resources." We should conduct surveys, study, and early preparations for the prevention of natural calamities due to geological reasons. We should continue to strengthen the comprehensive management of the urban and rural environment and control the pollution of dust and vehicle emissions. We should make great efforts to improve the quality of the atmospheric environment, protect drinking water sources, improve the ecological balance, and harness rivers and lakes comprehensively. We should make continued efforts to plant trees, flowers, and grass; successfully carry out the environmental protection projects which use World Bank loans; energetically build the "city without flies"; and strive to create the national clean city in order to create good environmental conditions for holding the Olympic Games in 2000. We should do our utmost to cherish and save land. Beginning this year, we will subject the use of land for construction projects to planned management and to strict examination before approval. In 1992, the cultivated land used for nonagricultural construction projects should be controlled within 1,870 hectares, and the green land in the city proper should be increased by 300 hectares.

I. We should control the increase of the market retail prices and further improve the living standard of urban and rural residents.

We should strengthen the management of market prices, strictly control the increase of commodity prices, particularly stabilize the prices of the goods in people's "vegetable baskets," appropriately control the standards of service charges, and continue to straighten out the order of market prices in order to keep the increase of retail prices under 10 percent.

We should further improve the living standard of urban and rural residents. We should widely open up employment channels, make good arrangements for employment of urban laborers, and control the unemployment rate at 1 percent or a little higher. On the basis of developing production and improving economic efficiency, we should strive for a 2-3 percent increase in the per-capita actual income of urban and rural residents. Enterprises should strive to increase the income of their staff and workers mainly by improving economic efficiency. Administrative units and institutions should appropriately raise the standards of service length and wages as well as the level of cash awards. In addition, special subsidies should be continuously given to intellectuals with outstanding contributions. In combination

with the housing reform, we should make continued efforts to improve the housing conditions of urban and rural residents. Within this year, we should solve the housing problems for all the urban households whose per-capita housing area is under 2 square meters. Where possible, all units should strive to solve the housing problems for the households whose per-capita housing area is under 3-4 square meters.

### **3. Seize Favorable Opportunities To Speed Up the Development of Reform and Opening Up and To Promote a Better and Faster Development of the Economy**

The current international and domestic situations are favorable to us. Therefore, we should unswervingly and comprehensively implement the basic line of the party, seize favorable opportunities to speed up the pace of reform and opening up and to promote a better and faster development of the economy, and elevate the national economy to a new level. Reform is to emancipate productive forces. Only when we fundamentally change the economic system restricting the development of productive forces will we better mobilize the enthusiasm of all fronts. The key to fulfilling the 1992 plan is to further emancipate the mind, boldly conduct reform and opening up, and be daring to try and keep forging ahead.

A. We should positively support state large and medium-sized enterprises to conduct reform and create fairly relaxed environments and conditions for enterprises. This year, state large and medium-sized enterprises should give priority to the reform focusing on transforming the enterprise managerial mechanism and pushing enterprises to markets. We should implement the "enterprise law." The departments in charge of the overall economic work across the municipality should take the initiative in creating fairly relaxed environments for enterprise reform. First, we should support enterprises to enhance their technological transformation capability. The municipal government decided that the municipal financial department will annually allocate 150 million yuan of loans with discounted interest for enterprises to conduct technological transformation. All specialized banks should ensure the allocation of loans to state-owned large and medium-sized enterprises for their technological transformation and to help industrial enterprises enhance reserve strength for development. Second, we should solve the problem of enterprises undertaking excessive burdens. The municipality has adopted various kinds of preferential policies to have the state large and medium-sized enterprises that have conducted reform on a trial basis gain about 700 million yuan worth of real benefits. So, we should make efforts to ensure the implementation of these policies. Simultaneously, we should speed up the study and establishment of various social security systems, such as the unemployment insurance system, the staff and workers old-age pension system, and the medical insurance system, with a view to lightening the burden of enterprises. Third, we should help enterprises optimize the labor organization

system; reform the enterprise employment system and the enterprise distribution system; ensure that cadres can be promoted or demoted, that staff members and workers can be employed or removed, and that wages can be increased or decreased as required; smash the "three iron objects" and egalitarianism; and establish an operational mechanism under which enterprises are closed if they are not invigorated. We should support the development of the tertiary industry with policies and capital and develop various forms of labor service companies to absorb the surplus personnel removed from production posts.

B. We should conscientiously implement the state industrial policy and speed up the readjustment of the industrial structure. We should exert efforts to readjust the industrial structure and gradually establish one suitable to the nature and special characteristics of the capital. This year, we should attend to the following few tasks. First, we should work out the methods for readjusting the industrial structure in line with the requirements as given in the outlines of the municipal 10-year plan for economic and social development and the municipal Eighth Five-Year Plan, map out catalogs of trades and products that should be developed first or whose development should be restricted, and work out relevant policies. Second, we should publicize in a timely manner the information guiding the readjustment of the product mix in line with the changing market demand. Third, we should formulate the policies on encouraging the vigorous development of the tertiary industry and speed up the development of the tertiary industry. Fourth, we should place in the lead the products with advantages and key enterprises and organize and set up enterprise associations with competitive edges. Fifth, the enterprises whose products are overstocked and the enterprises that hold no promise of changing their long-standing losses should be closed, suspended temporarily, merged with other enterprises, or have their production lines shifted.

C. We should accelerate the reform of the investment system and delegate to lower levels the power to examine and approve construction projects. Capital construction projects built with self-raised funds with a total investment under 10 million yuan may be examined and approved by districts, counties, bureaus (companies), and the state large and medium-sized enterprises conducting reform experiments; those with an investment of over 10 million yuan may be handled by the municipal planning commission in line with the state stipulations. Technological transformation projects built with self-raised funds with a total investment under 30 million yuan may be examined and approved by districts, counties, bureaus (companies), and the state large and medium-sized enterprises conducting reform experiments; the projects of the departments of the municipal economic commission with an investment over 30 million yuan may be reported to the relevant department for approval by the municipal economic commission in line with state stipulations. We should set aside a portion of

the construction funds of the municipal financial department and allocate it to various districts and counties for them to arrange their own construction of agricultural, water conservancy, urban construction, public security and law, cultural, educational, and public health facilities. The construction of the infrastructure facilities of all sorts of small development zones built with self-raised funds or developmental projects built with self-raised funds that are approved by district, county, and municipal governments will not be restricted by the scope of investment. They may be examined and approved by the district and county governments in which they are located or the administrative departments of the development zones which are authorized to do so. After delegating the power of approval to lower levels, the municipal planning commission should further strengthen management over the investment in fixed assets and achieve an overall balance of the investment in fixed assets; pay attention to the readjustment of the industrial policy; organize and collect construction funds; attend to the construction of large and medium-sized projects; and supervise and control the activities to make investment in fixed assets.

D. We should raise funds through various channels and guarantee the building of key projects. It is necessary to study methods and measures for expanding the flow and rational use of funds. Regarding construction projects with good economic efficiency, we may issue construction bonds; actively and boldly use capital from foreign countries, Hong Kong, and Taiwan and actively develop the three types of foreign-funded enterprises; study methods and measures for making good and flexible use of extra-budgetary funds; and open up new sources of construction funds.

E. We should further develop the market and invigorate the circulation of goods. It is necessary to break the barriers between districts, departments, and trades and to cultivate various sorts of markets that can be regulated and controlled. In line with the law governing the commodity economy, we should continue to expand the wholesale markets for the means of subsistence with daily manufactured goods and farm and sideline products as the mainstay; accelerate the development of all sorts of markets for the means of production, material exchange centers, auction markets, and futures markets to invigorate the circulation of the means of production; and actively develop money and bond markets, labor service markets, technology markets, and information markets. Meanwhile, we should strengthen the establishment, management, and supervision of the laws and regulations for the market, further establish a normal market order, protect legal business, deal blows to law-breaking activities, and compete on an equal basis.

F. We should do a good job in the supporting reforms of the departments dealing with comprehensive economic work and change the management functions and forms. In line with the principle of combining the planned economy with market regulation, we should boldly explore and reform the planned management system in

force and gradually change the past practice of emphasizing management of targets into one of emphasizing policy guidance, the practice of emphasizing the formulation of plans into one of emphasizing appraisal measures, the practice of emphasizing direct management into one of emphasizing indirect regulation and control, the practice of emphasizing the management of materials into one of emphasizing the management of value, and the practice of emphasizing production into one of emphasizing the economic activities to plan for production, construction, circulation, and other spheres. We should properly cut the scope of mandatory plans in the production and circulation spheres and give better play to the guidance plans and the role of market regulation. In conjunction with the new situation of the large and medium-sized enterprises that are allowed to select their "specific reform patterns," it is necessary to make relevant changes in the formulation of plans and the promulgation of plans to the lower levels. We should accelerate the change of functions of the planning departments and all the departments dealing with comprehensive economic work, strive to serve enterprises well, help them enter the market, and make good and sufficient use of all preferential policies given by the state to state large and medium-sized enterprises. While retaining the necessary direct regulation and control, we should make more use of indirect regulation and control; comprehensively use all sorts of economic means, economic policies, and economic laws and regulations, such as those for finance, tax revenue, prices, loans, and labor employment; guide, regulate, and control economic operations; coordinate all sorts of means of regulation and control; make macroeconomic management more scientific and effective; and establish a new macroeconomic regulation and control system as quickly as possible.

### Foreign Trade, Investment

#### Beijing To Apply New Country-of-Origin Rules

92CE0494A Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese No 5, 18 May  
92 p 26

[Article by Chih Hsin (0037 2946): "China Implements New Export Country-of-Origin Control Measures"]

[Text] China put into effect new export country-of-origin measures beginning 1 May 1992. *People's Republic of China Export Country-of-Origin Measures* were published on 8 March. These country-of-origin regulations provide standards for determining country of origin, mostly in two articles. The first article provides that China is the country of origin of anything produced or manufactured entirely within the People's Republic of China. This includes the following several circumstances:

- Minerals extracted from China's territory and continental shelf;
- Plant and plant products obtained or gathered in China;
- Animals and animal products bred or raised in China;
- Products obtained through hunting or capture in China;
- Marine products and other products including products processed or manufactured from them obtained from the seas by a Chinese ship or other instrument;
- Any waste material and scrap recovered in China from a manufacturing or processing process, as well as other waste materials and old and discarded items collected in China;
- All products processed or manufactured in China entirely from the aforesaid products as well as other non-imported raw materials.

The second article circumstances are more complex, having to do with the processing of imported raw materials and the three forms of import processing and compensation trade [fertilizer, fodder, and fuel]. Currently, whether the final work was completed in China forms the basis for determining whether the country of origin is China. The new measures take into consideration both this manufacturing and processing work criterion and the percentage of work done in China. Reportedly, the new measures address both the false Chinese favorable balance of payments with other countries resulting from the lack of standardization and completeness of country of origin control, and proper regard for the needs of China's coastal regions in developing the processing of imported materials and the three forms of import processing and compensation trade, every effort being made to reduce the bad effects of economic development on these areas. At the same time, inasmuch as it is mostly businessmen from Hong Kong, Macao, and Taiwan who are developing the three forms of import processing and compensation trade in mainland coastal areas, the new country-of-origin control measures also show regard for the interests of these businessmen, which is of extreme significance for the prosperity and stability of Hong Kong and Macao, as well as stimulating economic and trade exchanges between both sides of the Taiwan strait. Specific rules and regulations for implementation of the country-of-origin provisions are being drawn up post haste, and will appear as quickly as possible in the near future. At that time, more detailed regulations will be drawn up for determining standards to be used primarily regarding final manufacturing and processing work, but also for the percentage of work done in China.

Some people surmise that the standardization of China's export country-of-origin measures will serve to stimulate the active and healthy development of the export trade and the three forms of import processing and compensation trade.

### Approaches to CIS Market Discussed

92CE0550A Beijing GUOJI SHANGBAO in Chinese  
11 Jun 92 p 3

[Article by Zhang Chunrong (1728 2504 2837): "On Ways To Break Into CIS Markets"]

[Text] Many countries throughout the world now have their sights set on the highly potential markets in the Commonwealth of Independent States (CIS). As China's fifth largest trading partner taken together, the various CIS countries now have domestic economic conditions and open policies that are providing us with a favorable opportunity for developing foreign economic relations and trade cooperation. How should we go about breaking into these CIS markets?

### We Should Choose Our Trading Partners Well

Since Russia deregulated the management of its foreign economic activities at the end of November 1991, hundreds of thousands of Russian enterprises involved in foreign economic relations and trade have acquired foreign trade rights. While we urgently need to learn about the qualifications, credit, and operating capabilities of these enterprises, which we must constantly investigate and clarify through actual practice, we absolutely must not let this golden opportunity slip away through indecision. We must give up our traditional way of waiting for customers to come to us, by taking a bold approach to collect timely business information, and through taking active steps to seek out trading partners and choose customers well. We should establish good customer relations as follows: 1. First, we should base our efforts on making contacts with customers through commercial intercourse, which could begin with either small-scale trade or spot transactions. We should use this business experience to analyze their actions and capabilities and check out their honesty and credit, and then go on to screen, select, and establish a widespread customer network. 2. Another effective way to establish customer relations is to enlist the help of working Chinese professionals and overseas Chinese students in the CIS as go-betweens and bridge-builders in making customer contacts. China has hundreds of overseas students in Moscow, most of whom have extensive local social contacts, are familiar with CIS economic and market conditions, and speak Russian. Using these people to brief us on conditions and solicit customers will make it easier for us to clinch deals. 3. We should take active steps to establish close links with our organs in the CIS, such as the commercial counsellor's and trade representative's offices in our CIS embassies, by having them conduct compensated advisory services and make business contacts at various levels. As China has not yet established the relevant advisory organs, while the other parties are hard pressed to find trade and cooperation partners, we must utilize well this means of developing foreign economic and trade cooperation, by entrusting our fervent hopes for cooperation to our overseas organs, and having our commercial counsellor's and trade representative's offices collect large amounts of customer information. 5. And finally,

middleman agencies, such as international training associations and business colleges, in CIS countries, such as Russia, can all provide advisory services on difficult problems in areas, such as introducing customers and resolving policy and legal issues. In short, mutually reliable and stable customer relations will be a key factor in breaking into CIS markets. Practice has proved that if we can gain our customers' assistance in all areas, such as applying for licenses, converting rubles to U.S. dollars for making payments, and overcoming a host of policy restrictions, we can turn trade potential into reality.

### Our Magic Weapon for Breaking Into Markets Is That Our Products Are Good but Inexpensive

The severe economic crisis within the CIS has left it with a pressing need to import large amounts of daily necessities, such as food, small packaged goods, and foods with long shelf-lives, such as pasta, canned goods, and quick-frozen meats, dumplings, and soups. Such convenience foods are in great favor on local markets there. China has abundant supplies of low-priced clothing, such as down and cotton clothing, woolen sweaters, sportswear, and overcoats, which gives us a certain amount of competitiveness. We make clothing that is well-suited to their demands in areas, such as bright-colored, lively and novel in style, loose, comfortable, and large in size, and suited to their large physiques, which makes it very marketable. The CIS is experiencing very glaring medical supply conflicts, being unable to produce 27 percent of the medicines that it needs, and its production capability for 42 percent of medicines being able to meet only 35 percent of demand. There is a severe shortage of medicines for common diseases, such as cardiovascular diseases. As China's medical apparatus and instruments, and Chinese drugs, massage, acupuncture, and moxibustion enjoy great prestige there, the CIS enthusiastically welcomes cooperative operations with the Chinese medical sector. In addition, vegetable cultivation, food, leather, lumber milling, household appliance development, and joint-venture tourist hotel and restaurant construction are all industries with great potential for expanding economic relations and trade between China and the CIS. CIS consumers expect high quality, and are picky about product variety, design, color, and style.

### We Must Ensure the Safety of Our Foreign Exchange Earnings

The inconvertibility of the ruble has long restricted the development of trade between China and the CIS. Russia is going to make the ruble freely convertible in July 1992, which will undoubtedly facilitate the expansion of foreign economic and trade relations between China and the CIS. As CIS countries, such as Russia, have less than desirable economic conditions, it will be hard for them to resolve their foreign exchange shortage in the immediate future. In order to ensure the safety of our foreign exchange earnings, we will have to pay attention to concluding effective payment clauses in a variety of forms. If customer relations are close and strong, it would be best for them to pay us in cash. As statistics for January 1992 show that 80 percent of Russia's foreign exchange earnings are being detained in banks beyond its borders, if customers offer us irrevocable letters of credit from reliable third country banks

that guarantee cash settlement, we should gladly accept them. As our barter, border, and local trade have increased steadily in recent years, letters of credit have become the common settlement method for barter trade. In order to prevent the risk of past actions, such as the other side importing first and then not providing us with goods in return or delaying delivery because of various factors, such as price changes, we should strive to import first and export in return later. Payment clauses should stipulate that our side be provided with long-term letters of credit based on the other party's deadline for our goods (in order to keep them from holding our funds), and guaranteed return purchase provisions should be appended to letter of credit clauses, i.e., that our side's long-term letters of credit should be cashed in payment for the other side's letters of credit for on-schedule purchase of our goods. This method is similarly applicable to economic cooperation relations of "three imports, one compensation" with the CIS. The barter accounts for the other side's first exports could be settled partly in cash as agreed, with the other part being offset by letter of credit book value, or through attaching preferential terms, such as that after delivering the goods, the other party could come to China as a commercial tourist to select samples.

#### **We Should Practice Flexible and Diversified Trade**

We could develop cash trade and charge account barter simultaneously, by combining visible commodity trade with diversified forms of economic cooperation. While China's official trading corporations and private individuals now both have independent management decisionmaking power, the briskest trade and the highest success rates recently among China's foreign trade corporations, local trading companies, border trade companies, and individual traders with CIS countries, such as Russia, usually still belong to individual traders and border trade companies.

#### **We Should Set Up Duty-Free Warehouses and Allocation Centers**

As allowed by national policy, China's state-owned foreign trade corporations should play up and bring their advantages into full play, by jointly setting up duty-free warehouses and allocation centers with all companies along our borders with the CIS. By shipping merchandise to these warehouses in advance, we can take the initiative in allocating it as quickly as possible, while strictly controlling consignment quality and ensuring the prestige and widespread, lasting sales of China's products. We should also set up agencies to represent enterprises in key cities, such as Moscow. Not only are real estate rents low in the CIS, but even buying ownership rights there is worthwhile. But it is even more important to acquire firsthand information and make many friends among customers, so that we can promptly deal with business laws and policies and commercial matters.

#### **Government Plans To Increase Trade With Denmark**

*HK2906031492 Beijing CHINA DAILY in English  
29 Jun 92 p 2*

[By staff reporter Wang Yong: "Danish Tech Sought After"]

[Text] Copenhagen—China is poised to increase its trade with Denmark, which has very nice products for the Chinese market, a top Chinese trade official said here on Friday.

Gu Yongjiang, Vice-Minister of Foreign Economic Relations and Trade, who headed a Chinese buying mission to Denmark from June 25-27, said China is interested in importing Denmark's equipment for manufacturing, cement, food-processing items, telecommunications, medicines, dairy products, steel, fertilizer and breeding livestock.

He said Danish engineering consultant companies can also help China with its water management projects, including the Three Gorges project.

He made the remarks while meeting with members of the Danish industrial and business communities, officials from the Ministry of Foreign Affairs and the Ministry of Industry, who are anxious to grab a slice of the Chinese market. [sentence as published]

Gu's visit to Denmark followed on the heels of an earlier Chinese buying mission which ordered about \$20 million worth of contracts for importation.

"The fact that we have sent two purchasing missions in a row to Denmark shows China's growing interest in expanding economic cooperation with the Nordic nation," said Zhou Keren, director general of European Affairs of the Ministry of Foreign Economic Relations and Trade (Mofert) and deputy head of the current delegation.

China's imports from Denmark in the first three months this year hit \$39 million, up 29 percent over the same period last year, according to Chinese figures.

Arne Christiansen, Chairman of the Sino-Danish Government Committee, said Denmark would send an industrial delegation to visit Guangzhou, Shanghai, and Beijing in March next year to scout for more investment opportunities.

Novo-Nordisk AS, which specializes in manufacturing biochemical products such as enzymes, is preparing to set up a \$125 million joint venture in China, said Lars Rebin Sorensen, president of international operations of the company's bioindustrial group.

That venture's products will be mainly used for the making of detergents, starch and alcohol.

The Kruger Group, specializing in the environmental protection industry, is negotiating on the establishment

of three big-ticket projects to treat waste water in Shaanxi, Anhui and Yunnan provinces.

The group also plans to engage in the treatment of hazardous solid wastes in China. It is now lobbying the Danish Government to provide it with financial support.

The GN Great Nordic Group's affiliate, GN Elmi, which specializes in electronics, is trying to position itself in the Chinese telecommunications market by setting up joint ventures in China. Before meeting with those Danish companies, the Chinese mission visited many Dutch companies, including the ABN-AMRO Bank, which is applying to open a branch in Shanghai.

### Problems Facing 3 Types of Foreign-Funded Firms

92CE0494B Hong Kong CHING CHI TAO PAO  
[ECONOMIC REPORTER] in Chinese No 5,  
18 May 92 pp 25-26

[Article by Cheng Tsung (6774 1350): "Corporations Specializing in Foreign Trade Face Four Main Challenges"]

[Text] China's exports have increased at a high-speed annual 15.6 percent rate of growth, and China's ranking in exports among all the nations of the world rose from thirty-second place at the beginning of reform and opening to the outside world to 13th place in 1991. Nevertheless, the corporations specializing in foreign trade that made such a very great contribution are now facing challenges from four quarters.

### "Foreigners" Domineering

During the past several years, the three kinds of partially or wholly foreign-owned enterprises have shown high speed growth. In 1987, their exports totaled only \$1.209 billion, or 3.06 percent of China's total exports. For several years in a row thereafter, they doubled, exceeding \$12 billion in 1991, and accounting for 16.7 percent of the country's total exports. During a period of 4 years, they increased 13 percentage points for an annual 77 percent growth rate.

At the present time, the exports of the three kinds of partially or wholly foreign-owned enterprises do not pose any real threat to the mainland's traditional commodity exports. Products of the three kinds of partially or wholly foreign-owned enterprises account for \$200 million of primary, secondary, and tertiary commodity exports. However, since three kinds of partially or wholly foreign-owned enterprises enjoy preference in numerous regards, and since the new policy of opening to the outside world was inaugurated only recently, an increasing number of foreign businessmen will invest in the mainland, and may freely enter an even broader export field. Therefore, the position of the three kinds of partially or wholly foreign-owned enterprises in mainland exports will steadily rise. Experts estimate that within 5 to 10 years, the exports of the three kinds of partially or wholly

foreign-owned enterprises will account for between 25 and 30 percent of total exports, thereby delivering a powerful blow to the position of the leaders in the export field—the corporations specializing in foreign trade. In addition, there is no guarantee that they will not nibble away at the international markets that the foreign trade corporations have worked hard for over the years.

### Rapid Rise of "Fellow-Townsmen"

During the Sixth 5-Year Plan, township and town enterprises were still unknown as exporters anywhere in the country. In recent years, however, they have become a major force in providing goods for export. In 1991, township and town enterprises provided more than 60 billion yuan (renminbi, and the same applies hereinafter) of export wares. This was one-fourth of all export procurement in China. Estimates call for them to provide 120 billion yuan worth of exports by the year 2000 for an average annual 19.7 percent increase.

The main reason that township and town enterprises are able to play an increasingly dynamic role in China's exports is their autonomous and flexible operating mechanism that enables them to reverse course easily in the vast commodity economy ocean. It is this characteristic that enables them to survive and thrive despite the constant frictions and collisions between the old and the new systems.

Today, with support and guidance from the state, township and town enterprises are evolving toward syndication. Township and town enterprise syndicates that follow China's trend toward opening to the outside world and that have been formed through the joining together of the best enterprises will be bound to more actively develop toward externally oriented production through as they take in foreign capital, directly entering the international market. Some years from now, township and town enterprises will become powerful competitors of the corporations specializing in foreign trade. One can see already that this is no groundless fear.

### State-Owned Large and Medium-Sized Enterprises Have Come on With Tremendous Force

In recent years, state-owned large and medium-sized enterprises have also moved into the foreign trade field, and they have come on with tremendous force. The state adopted numerous policies of encouragement to get state-owned large and medium-sized enterprises going. Granting them authority to engage in foreign trade, and moving them into international markets were some of the important things it did. Today, more than 500 large and medium size enterprises have received permission to enter the foreign trade field, and during the past year 90 such enterprises entered these ranks.

Large and medium-sized enterprises have plenty of cash, large numbers of technically skilled people, and huge industries to rely on. In the domestic market, they have already carved out a "natural" monopoly position, which holds some attraction for large foreign firms.

Furthermore, large and medium-sized enterprises also attract people versed in international commerce in the country. Enterprises that have gone international have made a rather good showing in exports. An example is the Shoudal Iron and Steel Complex, whose exports totaled more than \$100 million in 1991. It may be foreseen that as state policies for support of large and medium size enterprises are gradually put in place, their overall ability to devise strategies and to take high technology investment risks as well as to both import and export will strengthen greatly. The time seems at hand for large and medium-sized enterprises to stake out a position as a dominant force.

### **Domestic Trading Enterprises Eager To Get Going**

A small number of domestic trading enterprises have already begun to enter the international market on a small scale and in a defined way. The state has authorized several hundred general merchandise corporations in Beijing and Xinjiang to run retail stores in Russia and Kazakhstan, members of the Commonwealth of Independent States. These corporations have also been given a certain amount of authority to conduct barter trade, and they have been granted permission to invest earnings from sales in local real estate. Once China institutes a diversified marketing strategy, it will set up retail sales networks in some developing country markets that offer potential. This task will also fall more upon the domestic trading enterprises. Only a step separates retailing from wholesaling. One might say that domestic trading enterprises have already begun to get their feet wet in the international trade field.

Domestic trading enterprises have great ability to organize domestic sources of supply. They possess fairly complete avenues for supplying goods and make sales. Were they to act independently in entering international markets, the sources of supply of some of the corporations specializing in foreign trade would be cut off. Moreover, with the further in-depth and in-breadth development of the opening to the outside world, the domestic market and the international market will become increasingly closely linked. In the not too distant future, domestic trading enterprises may very well obtain authority to engage in foreign trade. For the foreign trade corporations, a potential competitor is growing stronger.

### **Choice of Corporations Specializing in Foreign Trade**

Thus, the ability of corporations specializing in foreign trade to survive in the face of challenges and strong competition from many quarters has come into question. Revival of the former highly centralized foreign trading system to restore the prestige of the chosen corporations is pure fantasy. Hopes of relying on dealings in commodities of a monopolistic character to gain non-competitive high profits as a means of maintaining development is

also a dead end. Given present circumstances, those who give no thought to reform, preferring instead to continue to take the old one-track mind road in the development of foreign trade will ultimately be eliminated. Given the present circumstances, there seem to be only two choices for survival and development.

One choice that the character of China's economic system permits is for foreign trade corporations to form syndicates with large and medium-sized production enterprises that cut across industry lines, using assets as the bond for such partnerships. The key elements of foreign trade enterprises and production enterprises would be organized in an optimum fashion, functions organically matched, the former relying on the industries of the latter, and making overall plans that take into account both domestic and foreign markets. This would permit specialization in foreign trade to extend to a higher level and a higher realm, for constant perfection and strengthening. This would help prevent unnecessary competition between the two, and gain fairly large relative international economic returns. This is the best choice for China's enterprises in doing business internationally, and it is also the best point of return for corporations specializing in foreign trade. However, in the overall scheme of China's economic operation, foreign trade cannot choose an independent system. Because of the mixed up character of the ownership of assets and the entities bearing risk, the impetus for enterprises to enter the international market is frequently the profit mechanism, and it bears the imprint of sector divisions and area divisions. Therefore, the primary condition for the formation of syndicates made up of foreign trading corporations and production enterprises that cut across industry line is for sectors and areas concerned to carry out coordinated reform.

The second choice is for corporations specializing in foreign trade to move more toward operating as industrial enterprises and greater internationalization. This is a very popular choice at the present time, but how it will turn out is very difficult to predict. One thing is sure, and that is that in the course of practice, foreign trade corporations have come increasingly to feel that industrialization is their weakness. This is because of their inherent lack of ability in international administration and management, and in the development and production of special technology. Furthermore, enterprises that have taken the route of greater industrialization are no longer entities specializing in foreign trade in the original sense. Their foreign trade function will become weaker, and their position as dominant forces in the export field will also gradually weaken.

Some years down the road, traditional corporations specializing in foreign trade may gradually disappear. Will this be a blessing for China in its evolution toward an economy open to the outside world, or will it be a curse. It is difficult to say just now.



### Import, Export Substitution as Strategy Urged

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[INTERNATIONAL TRADE JOURNAL]  
in Chinese No 5, 30 May 92 pp 17-21

[Article by Huang Xiaoling (7806 2556 3781): "Choosing a Foreign Trade Development Strategy within the Context of China's Evolving Industrial Structure"]

#### [Excerpt] [passage omitted] III. Future Readjustments of China's Foreign Trade Development Strategy

Conditions in China dictate that in our foreign trade development strategy for the 1990's, we should neither rely completely on export guidance, nor should import substitution constitute the whole of our strategy. China is the largest developing country and has a quarter of the world's population. One characteristic of a large nation's economy is that foreign trade does not constitute a large percentage of its domestic economy, so we cannot hope for external demand, e.g.—international market demand—to serve as the engine of domestic economic development. Import substitution cannot be a comprehensive strategy for China. China is short of foreign exchange and we have already carried out primary product import substitution for several years. If we continue with large-scale implementation of import substitution, foreign exchange will be even harder to come by. Furthermore, the excessive protection of domestic industry afforded by import substitution will inevitably exacerbate poor productivity in China. For this reason, in view of the need for a readjustment of industrial structure, and with an eye to the social development program, China's foreign trade development strategy in the future should combine import and export substitution. We should rely primarily on import substitution, while in some industries and regions we should use a strategy of export guidance. Furthermore, we should advance from primary product import substitution to import substitution for higher grade products. As we work to implement the strategy of combining import and export substitution, we must concentrate on the following strategic foci:

1. We must accelerate imports of technology and accelerate basic industrial product import substitution, especially imports by such sectors as energy, transportation, and raw and semi-finished materials. These are the "bottleneck" industries which now restrict national economic development. Only by correcting the backwardness of our basic industry and building advanced upstream industries will there be a stable foundation for development in other sectors.

2. We must accelerate intermediate product import substitution. Most of our current import substitution efforts are limited to low-level industries involved in processing and assembly, while we continue to rely on imports of intermediate products, a great proportion of which are not produced domestically. For example, annual production of televisions in 1985 was 16.68 million sets, while production of picture tubes was only 8.23 million. Color TV output was 4.35 million, while only 1 million color picture tubes were produced. The great majority of all picture tubes were

imported, which used up huge quantities of foreign exchange. For example, 1.38 million refrigerators were produced in China in 1985, while 130 million US dollars worth of refrigerator parts were imported that year, which means an average of 93 US dollars per refrigerator. Accelerating intermediate product import substitution is key to the transition from primary product import substitution to import substitution for higher grade products, and it is an important link in the effort to upgrade industrial structure.

3. We must adopt different foreign trade development strategies in different regions of China in accordance with different economic conditions and industrial situations. Inland production districts should rely primarily on import substitution to accelerate development of basic and processing industries, while coastal regions should strive to develop an outwardly oriented economy. We should take advantage of the strengths of coastal areas (abundant labor resources, relatively strong processing capabilities and technology) to develop labor-intensive industries, expand knowledge- and technology-intensive sectors, aggressively participate in international exchange and competition, develop exports, and spur inland areas to open up to the outside world.

### Technical Cooperation With Canada Expanded

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0819 GMT 7 Jul 92

[Text] Beijing, July 7 (XINHUA)—China and Canada are to expand cooperation in hydroelectric and telecommunication programs, Chinese officials said here today.

Such developments are signaled by the respective visits of China's Vice-Minister of Energy Industry and Minister of Posts and Telecommunications to Canada last month.

The two countries started cooperation in hydroelectric construction in the early 1980's. The feasibility study of China's largest hydroelectric project—the Three Gorges—was done by a Canadian company. Officials from the Ministry of Energy Industry believe that when the Three Gorges project is started, Canadian companies will gain the upper hand in competition because of their deep involvement. Recently, five Canadian companies won a contract worth 110 million U.S. dollars to build a hydroelectric station in Hubei Province.

China has the richest water resources in the world, yet it has only developed 8 percent of its usable water resources. As the country plans to build up a group of large hydroelectric stations in 10 years, Canadian companies would have a great deal to do in China so long as they remain competitive in quality and price, officials from the Energy Ministry said.

The view was echoed by the officials from the Posts and Telecommunications Ministry. China, which at present has 24 million telephone exchanges, plans to add another 26 million telephone exchanges by the end of 1995. Also in the next four years, China is to build five and upgrade 14 ground stations for satellite communication. Yang

Taifang, minister of posts and telecommunications, said that China will continue to cooperate in such programs with Canadian enterprises.

To date, products by Canada's North Telecommunication Company are sold in 13 provinces and cities in China, and several Chinese ground stations for satellite communication are using facilities by the Spar Company of Canada.

According to Sui Hui, an official in charge of Sino-Canadian trade in the Ministry of Foreign Economic Relations and Trade, Canada becomes the third-biggest supplier of technology and facilities to China. In the past several years, China's imports from Canada kept rising while those from other main industrialized countries went down.

Sui noted that China is Canada's biggest buyer of wheat and potash fertilizer. However, she pointed out that as China becomes the fifth biggest market in the world for Canada's exports, Canada's imports from China accounted for less than 1 percent of its national total.

Statistics by the State Customs Service show that trade between the two countries last year rose by 15.8 percent over the year before to 2.2 billion U.S. dollars. Of this amount, China's imports were more than 1.64 billion U.S. dollars.

**Specialized Management of Foreign Trade Viewed**  
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[INTERNATIONAL TRADE JOURNAL] in Chinese  
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[Article by Yang Jingyu (2799 4842 3768): "A Few Thoughts on Specialized Management of China's Foreign Trade"]

[Text] Foreign trade reform has greatly spurred the enthusiasm of various parties for the development of foreign trade, and it has strongly supported the development of foreign trade. However, because some reform measures have not been coordinated, and because we have not been able to fully implement the competition mechanism in business, foreign trade has not been able to render all the benefits it might. The monopolistic trading system, in which the activities of foreign trade enterprises are divided up according to economic sector, must be considered a cause of low efficiency in China's foreign trade activities.

The following are the most pronounced ill effects of the specialization of China's foreign trade activities:

**1. The fact that foreign trade is carried out by specialized corporation operating on contract is an important cause of the phenomenon of "bidding up prices to purchase export products, and cutting prices to sell them."**

China continues to have foreign trade carried out by specialized corporations basically in order to maintain order in foreign trade and to improve the overall benefits

of foreign trade. However, with continual deepening of foreign trade reform and decentralization of authority to participate in foreign trade, all provinces, municipalities under direct central government jurisdiction, and municipalities that report directly to the central government in matters related to economic planning have all set up their own specialized foreign trade corporations. Authority over export plans and quotas has been handed down from the Ministry of Foreign Economic Relations and Trade to the provinces and municipalities, and provincial foreign trade departments (committees) have themselves turned this authority over, free of charge, to various specialized foreign trade corporations. On the one hand, due to clearly divided specialties, this has resulted in monopolies over foreign trade in the various provinces and municipalities. In such situations, there is no competition mechanism. Secondly, because government policies and levels of economic development differ from one locality to the next, and because the state has no effective measures of regulation and control, specialized foreign trade corporations from different jurisdictions compete on the basis of price. The result is that repeated attempts to forbid the practice of "bidding up prices to purchase export products, and cutting prices to sell them" have failed. We currently depend on import/export corporations and chambers of commerce to work out export prices, and we depend on local foreign trade departments and price departments to work out procurement prices for export products. Quality, variety, and other non-price competitive factors have combined to make this a very weak method of regulation, however. As a result, the benefits of foreign trade have gone to foreigners, and foreign trade has yielded few benefits and even resulted in losses. Specialization in foreign trade has not yielded the expected results.

**2. Specialization in foreign trade has caused a conflict between China's industrial structure and its foreign trade.**

In China, foreign trade corporations are the main players in foreign trade. They are the bridge between domestic producers and the international market. Because every foreign trade corporation has its set specialty, producer enterprises can only use one particular corporation. This monopolistic situation in foreign trade has seriously hampered the ability of producers to react to rapid changes in the international market, and there is often a distortion between domestic market prices and international market prices. Because the domestic market is large, domestic producers often decide what to produce on the basis of demand in the domestic market, not the international market. For this reason, readjustment of the domestic industrial structure always lags behind readjustment of the world industrial structure, and the export situation may not always favor China's relative strengths, with the result that China is not able to take full advantage of its industrial advantages.

**3. Specialization in foreign trade impedes the flow of information between producers at home and consumers abroad.**

There are insufficient links between producers at home, consumers abroad, and their agents, which means that

producers are sacrificing a lot of free technical information, such as product specifications, requirements regarding quality and color, and information regarding new product development and equipment upgrading. The experience of many countries shows that having direct links between consumers and agents abroad and producers at home is one of the most important, effective, and inexpensive methods of obtaining technological transfers and specialized sales knowledge. In addition, as exports of electrical machinery and various capital goods continually expand, direct contact between producers and foreign users is quite important to development of after sales service and installation. Even if foreign trade corporations try to obtain this information and pass it on to producers, it will become more and more difficult to do as the number of export manufacturers grows and products become more varied.

**4. Specialization of foreign trade makes it difficult to optimize China's export product mix.**

On the international market, most export quotas restrict quantity, not total export value, so increasing the value-added content of exports is an effective means of increasing the amount of foreign exchange earned per unit of exports. However, foreign trade enterprises have no incentive to increase exports of high-value, highly processed, high value-added products because of increasing specialization in foreign trade, the lack of competition between foreign trade corporations, and the fact that these corporations pay no fee for using up export quotas. In addition, there is a certain amount of resistance to increased exports of highly processed products because primary products and highly processed industrial products are exported by different specialized trading corporations.

**5. Specialization of foreign trade inhibits our ability to execute trade in a creative manner.**

As China's foreign trade continually develops, a greater percentage of import and export deals are being executed in a creative manner, but our current system of specialization of foreign trade only allows specialized corporations to deal in certain products. Creative trading practices, however, more often require that imports and exports be combined. When the products being imported and exported fall under the jurisdiction of different specialized trade corporations, it creates a barrier to creative trading.

**6. Specialization of foreign trade has to a certain extent added fuel to the fire of official involvement in commercial activities.**

It is apparent from the preceding analysis that specialization of foreign trade has caused low efficiency. How do we reform this system? This writer feels that an effective way to improve the benefits of China's foreign trading system would be to do away with the monopolistic nature of foreign trade operations and charge a fee for allowing enterprises to use up export quotas.

1. First, we should see to it that producer enterprises, not foreign trade corporations, should be the primary participants in foreign trade. Producer enterprises should have the authority to import and export the products which they produce. Second, the state must carry out a relatively thorough readjustment of specialized trade corporation. We must expand the range of products they are allowed to handle, and we must establish autonomous, comprehensive foreign trade corporations upon the foundation of currently existing specialized trade corporations. These new entities must take responsibility for their own profits and losses, and we must encourage them to compete amongst each other. We must bring about a situation in which autonomous trading and agent trading exist side by side (i.e.—some trade is carried out by producer enterprises through their own channels, and some is carried out by foreign trade corporations on behalf of producer enterprises). Producer enterprises would then be able to decide on the basis of particular trading circumstances and international market conditions whether to engage in independent trading or to go through a trading corporation.

2. As corporations are granted increased trading authority, the state's macroeconomic regulation and control function should be further strengthened. Without a doubt, if there are no effective methods of regulation and control, allowing trading corporations to trade in a wider variety of products will exacerbate chaotic trading conditions and cause the benefits of trade to go to foreigners. "Quota auctions" represent one effective lever the government can use to regulate and control foreign trade. Under limited conditions, export quotas have a price. The greater the difference between domestic and international prices for a given product, the more the exporter will be willing to pay for an export quota. In a system where enterprises operate autonomously, take responsibility for their own profits and losses, and engage in equal competition, trading corporations would no longer be able to "bid up prices to purchase export products, and cut prices to sell them" because the object of their bidding competition would be export quotas. Implementing a "quota auction" system would also greatly stimulate export producers and trading corporations to increase exports of high quality, highly processed, and high value-added products, because they would want to do everything possible to earn as much foreign exchange as possible with a limited export quota. The result would be increased benefits from exports.

3. We must establish a foreign trade development fund. Income from "quota auctions" could be used for this purpose. We could use the trade development fund to subsidize the export of products whose export is encouraged by the state but which can be sold for a greater profit on the domestic market (in view of international precedent, we could also link this with export duty rebates).

4. We must abolish the compulsory export plan and at the same time reform prices and exchange rates so they

will reflect the real costs of the use of resources. We must also allow producer enterprises to decide on the basis of domestic and international market conditions whether to export, how to export, and what percentage of their products they wish to export. Because the international market is completely market-regulated, China's domestic supply of export products is also basically market-regulated. Under these circumstances, it is counterproductive to make export targets compulsory. It would only spur enterprises to export regardless of the costs and benefits, and it even sometimes happens that enterprises which fail to meet export targets sell foreign exchange to make up for the shortcoming. The state can use economic levers such as customs duties, exchange rates, credit, and permits to regulate the volume and structure of imports and exports, protect the development of newly developing domestic industries, expand the proportion of imports accounted for by capital goods, encourage the sale of domestic goods on the international market, and spur an appropriate degree of development of China's foreign trade.

#### **Russia Liberalizes Foreign Trade**

92CE0492A Beijing GUOJI MAOYI [INTERTRADE]  
in Chinese 7 May 92 pp 33-36

[Article by Zhang Chunrong (1728 2504 2837: "Russia Liberalizes Foreign Trade")]

#### **[Text] I. Developing Sino-Russian Economic Relations and Trade Is a Common Demand of Both Nations.**

A new chapter in Sino-Russian economic relations and trade has begun with the establishment of formal diplomatic ties between China and the Russian Federation and the visit to eight member nations of the Commonwealth of Independent States [CIS] by a Chinese delegation headed by Minister Li Lanqing [2621 1526 3237] late last year and early this year. During the Chinese visit to the Russian Federation, agreement was reached between the two nations on the terms of a bilateral economic and trade accord. Since the beginning of the year, there have been frequent contacts between the leaders of the two countries. In January, for example, Premier Li Peng met with President Yeltsin in New York. In March the foreign economic affairs minister and foreign minister of Russia visited China and final agreement was reached on holding a Sino-Russian summit meeting in Beijing in September this year, laying a solid foundation for the continuing development of friendly and cooperative relations between the two nations.

A. The guiding principles behind Sino-Russian relations having been established, the two nations will act in accordance with all the principles laid down in the two joint communiques issued by them in 1989 and 1991. The Russian Federation has indicated that it will continue to abide by the policy toward China in place since 1985. China, for its part, has said that it would separate ideology from national relations. Thus while China and

Russia differ in their interpretations of the international situation, they both indicate that they would respect the viewpoint and interests of the other side.

B. China's market diversification strategy requires the nation to maintain and expand its share of the Russian market.

The current market distribution of China's exports is not conducive to the country's opening up completely and does nothing to help it overcome trade protectionism. Since correcting its market distribution is an objective requirement, China must accommodate itself to markets in the Third World, Eastern Europe, and CIS even as it orients itself to the European, U.S., and Japanese markets. China has a longstanding relationship of economic cooperation with Russia but accounts for just a tiny portion of Russia's total foreign trade. Since this is out of line with China's economic status, the development potential is enormous. With the disintegration of the Soviet Union, one nation has broken up into 15 independent countries, with a corresponding increase in the volume of trade, demand, and trade opportunities.

C. The Russian Federation is very eager to develop bilateral economic and trade relations with China.

The Russian Federation is currently in the grip of a severe economic crisis. In 1991, the GNP of 11 member nations of the CIS dropped 17 percent from the year before, national income fell 15 percent, foreign trade plummeted 38.5 percent, and their budget deficits reached a high 205 billion rubles. Inflation soared 750 percent and 55 percent of families were below the poverty line. On 2 January and in late March this year, the Russian Federation twice deregulated prices, lifting price control on all commodities including bread, milk, coal, and petroleum, the only exceptions being baby food, pharmaceuticals, and public services. The published inflation rate for the first quarter was 350 percent, but experienced economists predict that commodity prices have risen more than 10-fold on the average. Faced with dire commodity shortages and anxious to lift the economy from the doldrums and encourage more imports as a way of reviving the domestic market gradually, President Yeltsin signed a decree titled "Liberalization of Foreign Economic Activities" back on 15 November 1991, even before the decision was made to lift price control, at the same time expressing urgent hopes about developing trade with China and other countries. As the Russian foreign minister put it during his visit to China, Russia is highly interested in developing bilateral cooperation and the two sides are fully equipped to cooperate. Not only should the two continue to cooperate, he said, but they should also expand such cooperation. Accordingly, the Russian Federation has adjusted its foreign economic and trade policy, giving enterprises more power to import and export, and encouraged them to engage in foreign trade.

**II. Russia's Decree On Liberalizing Foreign Economic Activities and Trade and Its Impact on Sino-Russian Economic Relations and Trade.**

The decree signed by President Yeltsin went into effect on 22 November after being approved by the Presidium of the Supreme Soviet of the Russian Federation. Its gist is as follows:

A. All enterprises registered within the territory of the Russian Federation may engage in foreign economic activities.

B. Restrictions on barter trade are abolished. The types of commodity whose import and export are governed by a permit or quota system will be reduced.

C. A national foreign exchange reserve fund will be established. The foreign exchange retention ratio for each type of export enterprise will be worked out. The principal sources of national foreign exchange reserves are foreign exchange turned over by enterprises and their import and export tax receipts.

D. Tariffs will be cut and import and export taxes will be adjusted. Commodities critical to the national economy and people's livelihood may be imported tariff-free. Nor will tariffs be imposed on articles brought into Russia by a citizen for personal use. Tariffs on all other imports and exports are to be reduced to various degrees.

E. The ruble will be allowed to float and made convertible within Russia in a bid to develop a foreign exchange market.

The decree on trade liberalization is a response to Russia's economic plight and goes hand in hand with price deregulation. It embodies the extensive policy adjustments Russia is making to bring about the transition to a market economy. Although these policy adjustments were carried out without full scientific validation (witness the frequent policy changes and uncertainty), nevertheless, they will help develop Russia's foreign economic relations and trade.

1. A rapidly deteriorating economy has turned Russia into a massive import market. Price deregulation is temporarily holding down consumption demand. The widespread and sharp price increases will do nothing to stimulate production, which means that commodity supply will not increase significantly. On the other hand, the excess of demand over supply has enabled import enterprises to reap huge profits, creating opportunities for China's exporters in the same process.

2. Full-fledged liberalization has widened the channels for Sino-Russian economic and trade cooperation. In the past, Sino-Soviet trade was essentially inter-government agreement trade conducted by the foreign trade corporations. Following the replacement of charge account trade by spot exchange trade last year and the breakup of the Soviet Union, bilateral trade has dropped 40 percent. How to develop Sino-Russian economic relations, therefore, has become an urgent issue in the new era. By

granting foreign economic and trade autonomy to hundreds of thousands of enterprises in Russia, the trade liberalization decree has no doubt set the stage for multi-channel, multi-form, and multi-player trade and economic intercourse. The total abolition of the state monopoly on foreign economic activities and its replacement by fair competition on the basis of equality and mutual benefit will help boost border trade and regional trade.

3. By allowing the ruble to float and making it freely convertible within Russia, the government is moving in a direction that is consistent with the strong-currency tight monetary policy at home, a move that will help stabilize the ruble's exchange rate.

Since the beginning of this year, the amount of Russian currency issued has shrunk 30 percent. Meanwhile, interest rates on loans have been raised and the government has been selling American dollars in an attempt to stabilize the exchange rate. The result is that the fall in the value of the ruble has stopped for now and the currency has bounced back. The exchange rate on the market has slipped from \$1 to 40 rubles to \$1 to 70 rubles.

Foreign exchange required for import purposes by Russian enterprises as legal persons may be obtained on the foreign exchange market. Likewise, a foreign investor may remit profits and dividends overseas through the foreign exchange market. These rules and regulations provide a legal basis for trade and investment.

4. For a limited period the government has adopted a unique foreign trade policy: encourage imports and restrict exports. Contrary to well-established international practices, the decree in force now effectively encourages imports and restricts exports.

a. Encourage imports; the more, the better. Food, pharmaceuticals, food processing equipment, small-scale agricultural machinery, and light industrial raw materials can be imported tariff free. An enterprise may directly sell whatever it has imported on the domestic market in exchange for rubles.

b. Restrict exports. A small number of raw-material type commodities are under the permit or quota system. In the case of certain other commodities, the government seeks to limit exports by raising tariffs and the differential exchange rate and by lowering the proportion of foreign exchange the enterprise in question is allowed to keep. Take minerals, timber, natural gas, and petroleum, for instance. The state levies an ad valorem tax based on international market prices to be payable in rubles as determined by the market exchange rate. Forty percent of the foreign exchange incomes derived from the export of these commodities are to be sold to the state based on a specified exchange rate (namely, 50 percent of the market exchange rate), while 10 percent of the foreign exchange earnings derived from the exporting of industrial manufactured goods are to be sold to the state based

on the market exchange rate. On 10 January, an export ban was slapped on 60 types of food and industrial goods in short supply.

Russia's desperate need for imports these days is a perfect match for China's export strategy. Provided transportation is improved and Russia's payment difficulties resulting from its trade deficit are resolved, there should be plentiful opportunities for Sino-Russian trade. Both large countries, China and Russia share a 4,400-kilometer border and are highly accessible from each other. Russia is highly industrialized and boasts a wealth of resources. China, on the other hand, has a booming market, turns out large quantities of light industrial and textile products, domestic electrical appliances, and food, and also boasts ample manpower resources. In both commodity and labor, the two nations are complementary and the market potential is tremendous. Not long ago China and Russia signed their first economic cooperation agreement to liberalize trade. 1) Cooperative development zones will be built on Russian soil bordering China's Heilongjiang Province and the Inner Mongolia Autonomous Region; 2) Harbin and Shanghai will open Chinese stores in three Russian cities; 3) Four cities in northern China in areas bordering Russia will be opened up; 4) Import restrictions on spot exchange trade and barter trade will be relaxed as appropriate. The provisions of the agreement are encouraging.

Although conditions favor growing economic cooperation between China and Russia, the political and economic situation in Russia remains fluid. Its policies are highly changeable and implementation is less than effective, hampering the further development of bilateral economic relations.

—Political risk. The political situation within Russia remains turbulent while ethnic disputes between the various CIS member nations as they scramble for assets and territories will not stop any time soon. The investment and trade climate is poor and the possibility of the government freezing and taking over properties cannot be ruled out.

—Foreign exchange payment risk. Russia has already exhausted its foreign exchange reserves and owes the West more than \$70 billion. A shortage of foreign exchange will remain inevitable in the near future, a problem that will only deteriorate as the government seeks to encourage imports and limit exports. As the Russians experience difficulties paying for their imports, contract compliance will become more problematic. Measures should be taken beforehand to prevent payment deferment and the failure to honor a contract.

—The confusion caused by institutional changes disrupts normal business transactions. Russia's transition from economic planning to a market economy has sent hundreds of thousands of enterprises scrambling toward the international market overnight. Because of

misinformation, a lack of knowledge about international trade, a weak sense of legality, and internal relations getting out of control, trade disputes and swindling and cheating have become frequent, preventing the orderly growth of business transactions.

—The massive Russian market is attractive to enterprises all over the world and Chinese traders have descended on it in droves. But Chinese enterprises face stiff competition from their counterparts in Korea, Taiwan, and Hong Kong which enjoy an edge in capital, technology, commodity, and information. Some Chinese enterprises are of a poor quality and try to isolate and undermine one another, which has dire effects on business. It will be no mean feat to keep China's share of the Russian market.

### III. China's Response

Russia is a new market with great potential. Both developed nations in the West and the four "Little Dragons" of Asia have been trying in every possible way to pry open this market. To get its slice of the pie, China must understand itself as well as others and tackle the market very seriously.

A. Seize the opportunity. Right now Russian enterprises are in a transitional stage during which a substantial number of military-industrial plants will switch to another line of product, resulting in a vacuum. Resources are unevenly distributed among the various former Soviet republics. The original distribution of industry is now out of step with the current political setup. Each member of the CIS has its own market demand. The Russian Government has decided to abolish the permit system and quota system for raw materials and energy before June 1992 and late 1993, respectively, replacing them instead with import and export taxes. This will certainly provide the various countries with a level playing field and suggests that barter trade, in which resources serve as a means of payment, is slated to grow extensively.

B. Self-improvement. As far as trade with Russia is concerned, we must present a strictly unified front and operate in accordance with the norms of international trade. We must improve product quality and enhance our sense of competition. We must increase the variety of designs, sizes, and colors, create good-quality name brands, toughen commodity inspection, and improve after-sale technical services.

C. Highlight our strengths and downplay our weaknesses. Russia today is a bazaar featuring commodities from all over the world. After working hard to improve product quality and designs, we must select the right kinds of export commodities and give ourselves a competitive edge by pricing them appropriately. Old practices of proven effectiveness should continue to be used. (For instance, a cash-on-delivery system was once used to avoid losing both money and merchandise.) Make the most of China's geographical proximity to Russia and the low freight costs involved. Make an earnest effort to unclog the flow of goods on the Manchurian route and

study ways of increasing the volume of trade going through Inner Mongolia and land-and-water joint transport.

D. Be flexible and diversify. Use a mix of trading methods. Put equal emphasis on barter trade and spot exchange trade. Develop government agreement trade, border trade, and local trade in a balanced manner. Commodity trade and economic and technical cooperation should have a mutually stimulating effect. Consignment, exchanges, and tax-protected warehousing are all viable options when the time is right.

E. Improve the auxiliary facilities that support economic relations and trade. Customer risk and payment risk are a major reason why the transaction rate with Russia is so low. Accordingly, we propose that the Bank of China and other foreign exchange banks get involved in providing credit for customers. They should set up branches in Russia, with the Bank of Russia doing likewise in China, to carry out the normal business of an international bank, including international settlement. It is suggested that the Chinese People's Insurance Company offer "risk-free foreign exchange" to take on political and commercial risk. To coordinate with market diversification, moreover, the Ministry of Finance should set aside some money as risk funds to remove the risk enterprises face when they engage in foreign economic activities and trade.

(Writer's unit: managerial cadres school, Ministry of Foreign Economic Relations and Trade)

### Ningxia Drama Troupe's Experiences Discussed

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[Article by Wang Zhihong (3769 1807 3163), chairman of the Ningxia Modern Drama Troupe: "Gear Endeavors to Needs of Land and People—Ningxia Modern Drama Troupe's Eight Years of Performing in Rural Areas"]

[Text] As an effective force in the literary and art field, modern drama in China once played a very important part in facilitating progress in socialist culture and ideology. However, when it came to the 1980's, modern drama was gradually put in a bind: stage dramas were getting fewer and fewer, while performance quality was still at a low level. Modern drama not only failed to meet the changing demands of the masses for their daily cultural life but also became more and more incompatible with the flourishing socialist material civilization. Modern drama needed to reform; modern drama had to be reformed. Without reform, there was no future. This gradually became the consensus in modern drama circles.

The Ningxia Modern Drama Troupe [NMDT] was founded in 1958. By the early 1980's, it had taken a journey of more than two decades. It experienced ups and downs. In its golden age, it was so welcomed that "the no seat was left empty"; when the bad times came, it was even disbanded. The NMDT was seriously

affected by the modern drama crisis of the 1980's. In 1983, the troupe only staged eight performances. In 1984, when we were dress-rehearsing a new drama in a grand theater with a seating capacity of more than 1,000 people, we had an audience of only several people. Moreover, they were all responsible cadres from the Cultural Department. This rigid fact told us that it was high time that modern drama be reformed.

### I. Change Management Styles, Gear Endeavors to the Peasants' Needs

Ningxia is a minority nationality region in China with a population of about 4.6 million people. However, 3.6 million are peasants. In the capital city, Yinchuan, there are 400,000 residents. In towns or other cities, there are only 180,000 people. The remaining 200,000 people live in suburban villages. This tells us that our audience is composed largely of peasants. This also explains a very unusual phenomenon at that time: In cities, there were performances but no audience, while in rural areas, there were audiences but no performances. Should we leave the city and shift our attention to the countryside? This became a real question for us and there were different answers in the troupe. Some comrades said that ours was a provincial modern drama troupe and not a cultural troupe on horseback. Some said that modern drama was a highbrow art that peasants could not understand at all. However, most comrades still believed that the life of art lies in the masses. The countryside is a vast world where there is plenty of room to fully develop our talents. We had lived in the country before and we knew that peasants can understand modern drama well. But the key to the question was whether our performance suited their taste. Now the peasants are richer and their demands for cultural life are higher as well. Therefore, we should try.

Comrade Mao Zedong said: "No revolutionary writer or artist can do any meaningful work unless he is closely linked with the masses, gives expression to their thoughts and feelings, and serves them as a loyal spokesman." (*Selected Works of Mao Zedong*, 1991 Edition, Vol. III, p 864) To make the peasants gradually accept and love modern drama, in writing our dramas we chose, first of all, material beloved by the peasants and tried to make proper use of the Ningxia dialect in the performances. We introduced the practice of "tasting before purchasing." After rehearsal, we invited the peasants to enjoy the performance and then "place orders" with us. On the evening of 28 December 1984, we held our first trade talks with the peasants since our troupe's founding. We accorded the ordinary peasants the most courteous reception. We asked them to examine the drama, make suggestions for revision, and "place orders." During the talks, the peasants ordered 26 performances. Since then, wherever we put on a performance, we held trade talks with the peasants. We can say that, in the last 8 years, what we tried hard to explore is how to write good dramas and how to perform them well for the peasants.



Life is the source of literary creation. Each time before writing a new drama, we first of all go deep into the realities of life. As soon as we have an initial idea about the drama, we tell the stories to the peasants for their approval. Then we begin the script writing. We read them the script and ask them to make revision suggestions. After the revision, we then go into rehearsal, trial performance, ordering, and performance. Each time after the final curtain falls, we still ask the peasants to make suggestions. We promptly revise what we can revise. Those we cannot revise for the moment, we will revise later. Therefore, the dramas we have written and performed are generally "the goods" that are welcomed by our "customers" and loved by the peasants.

These years, we have been performing in the rural areas all year round and have deeply felt the great changes that have taken place in the countryside since the Third Plenary Session of the Eleventh CPC Central Committee. However, compared with advanced provinces, Ningxia still has a long way to go. Especially in the southern parts, which are known as the poorest area of the world, people still cannot get adequate food and clothing. Ningxia's natural population growth rate is the highest in China, while that of the southern mountainous area is the highest in Ningxia. The more children born, the poorer the region is. The poorer the region, the more children are born. This has become a vicious circle that is hard to break. Just think how important it would be to educate the people there with family planning, to have strict control of the population growth, and to raise the quality of the population! Then we got the idea of writing a drama reflecting family planning, thus doing our bit in implementing the nation's basic policy. First of all, we spent a year living in the countryside. We gathered a lot of firsthand tear-jerker material and made ample preparations for the script writing. To make a good job of family planning, cadres in this line endured untold suffering. Some received blackmail letters; some were insulted; some were threatened with knives; and some were misunderstood by their families, which even lead to the breaking up of their families. In describing these cadres' work, people said it was a job of "a lot of walk with hunger and a lot of talk with nerve." However, it was just because of their hard work that 400,000 fewer children were born in Ningxia in the last 10 years—a great contribution to our descendants' happiness. We sang their praises enthusiastically. In three years, we modified the script seven times and thus the full-length modern drama "The Woman Village Chief" (the original name was "The Greatest Difficulty") finally came into being. The drama achieved very good results. After seeing the drama, the peasants said that the performance was splendid and that they should respect the family-planning cadres, since they shouldered such heavy responsibilities. Family-planning cadres from many villages also said that, while watching the drama, they could not help but weep. They said that the drama had shown real understanding of their suffering and happiness. Now we have put on more than 100 performances of the drama, but there are still many villages inviting us to

perform. We have signed contracts in Shaanxi Province alone for 100 performances this year.

In view of the construction problem of rural party organizations at the grass-roots level, we wrote another drama called "The Story of Lianxin Village." Some people said: "We now have the contract responsibility system on a household basis with remuneration linked to output. Do the party branches have any usefulness?" As political education was relaxed, some unhealthy things reappeared in the country. The masses of peasants had a lot of complaints about this. They said: "Party branches should not be engaged only in such things as pressing for grain or debt and arranging abortions or vasectomies. If they are not responsible for other things, we doubt we need to have the party branches any longer." In view of this, we got the idea to write a work on an advanced party branch leading the masses to achieve common prosperity and march along the socialist road. We explained our thoughts to the peasants and they said that they were particularly happy about this. With this idea, we went to Lianhe village, Gaoya town, Haiyuan County, where we saw another side of the picture. The village party branch was a very strong cohesive force. In Lianhe, there is no violation of family planning, no brawls or frays, no gambling, and no summons from the public security bureau for interrogations or trials. In Lianhe, the average per capita income is more than 1,000 yuan, the highest in the whole autonomous region. The village party branch was chosen as one of the national advanced party organizations at grass-root level and Wang Jinlu, the party branch secretary, was elected a national model worker. We lived and worked in Lianhe and saw with our own eyes how the villagers regarded Wang as their beloved and bosom friend and had talks with him about whatever was on their minds. We once asked Wang Jinlu: "You are such a capable person; you would have no problem becoming a millionaire. However, you always keep the village in mind. Have you ever thought that it is unfair to you?" Wang answered: "I am a party member and this is the only choice for me." The script we wrote based on the village party branch's deeds was revised three times before rehearsal. The performance brought about very good social results.

As we tried hard to proceed from the needs of the peasants and the realities of life, gear our endeavors to the needs of the land and people, and adhere to the correct orientation of serving the people and socialism, we received a warm welcome from the broad masses in our performances. In the past, it was we who invited the peasants to see our performances; now, it is the peasants who invite us to give the performances. At long last, we tided ourselves over the crisis of modern drama and overcame various difficulties. Now we have a bright future before us.

## **II. Keep Up the Practice of Plain Living and Hard Struggle; Perform When-and-Wherever It Is Convenient for the Audience**

To strengthen our troupe, first of all, we have to improve the quality of our performances, and then the attitude in

serving the audience. Eight years of practice tells us that, after solving the essential problem of whom we should serve, we still have the problem of how we should serve. To make things convenient for the masses, all these years we not only maintained the practice of going to rural areas and performing but also asked the audience to decide the time and place for the performance. Sometimes, we began at 0800, sometimes we began at noon, sometimes we performed in the afternoon, and sometimes we performed in the evening. When there was a good TV program on, people would expect us to postpone the performance. We often waited till the end of the program and then began. As for the stage of our performance, it could be any place—a theater, an earth platform, a courtyard, a playground, or even a plot of mountain slope. Sometimes the temperature could be as low as -21 degrees Celsius, and we would have to put on our fur coats; sometimes the temperature was as high as 35 degrees Celsius, and we could wear only our vests and shorts. When it was cold, we let our audience sit in the sun; when it was hot, we let them sit in the shade. To facilitate our touring in the country, we made our truck into a "caravan," a covered truck. On each side of the truck we put colorful pictorial posters. We put the settings and the large props on the top of the truck and the small props inside. The boxes could also serve as our seats. We could move easily to wherever we wanted to go, leaving no burden to the peasants. Nevertheless, we really suffered a lot. As the truck bumped along the country roads, we felt our hearts bouncing out. The dust kept pouring in. Each of us looked like a country mouse, covered from head to foot with gray dust. Only our teeth and eyes were still visible. In frigid winter days, we shivered with cold, while in the torrid summer, it was as hot as an oven. After eight years of bumping and bouncing in the truck, some of our comrades broke their coccyxes. Others began to suffer cervical vertebra hyperosteoecnia. However, our "caravan" has been to all counties and towns of the autonomous region. We have also been to Beijing and Shanghai. Wherever our "caravan" went, there were cheers and laughter, so the peasants called our troupe "the happy caravan." In mountainous areas, there are high peaks and deep gullies, and the transportation facilities are poor. As a result, we had to live where we gave the performance. Sometimes, we lived with the villagers or even in road stations. Some areas have a severe water shortage. Sometimes we got no water to wash our faces the whole day. Many of us even got lice from the country. In June 1987, we climbed the highest peak of Liupanshan, a mountain 3,000 meters above sea level in height, to give a performance to the seven soldiers stationed there in commemoration of the 45th anniversary of the issuance of Chairman Mao's important article "Talks at the Yan'an Forum on Literature and Art." The soldiers were moved to tears when they heard that we were there particularly for them. The squad leader said: "This is the happiest day since I became a soldier three years ago." There were more performers than audience. Learning that there was still a soldier on sentry duty who missed the performance, we then gave the soldier some short performances. Tears

welled up in his eyes as he enjoyed our performance, and we were deeply moved as well. On departure, they accompanied us league after league before parting. While holding our hands in theirs, they said: "The fine tradition in our cultural work is here again." Since then, we have been to them once a year, first with the short performances and then with the full-length dramas. Each time the soldiers welcomed us as their relatives, and we felt quite happy about that.

The children's corps of our troupe was set up in 1987 when we were still in financial difficulties. As we could not charge much when performing for the children, we insisted on pulling a cart for "school performances." These years, we have been to all the primary schools in Yinchuan, the capital. To get to the farthest schools, it sometimes took us 11 hours to pull the cart, covering over 35 km. Schools in rural areas are poorer and there are fewer students as well. How could we have the heart to charge them more? Sometimes we staged three performances in succession, but we charged them only 45 yuan. Some people laughed at us and said: "It is the 1980's, and you are still pulling a cart. It is really a disgrace!" However, the masses said: "The NMDT did well. This troupe will really serve the people." Some teachers said: "We admire not only your excellent performance but also your working style. That is a real good education for our children."

As we always adhere to the orientation of "serving the people and socialism," we have had, even from the very beginning, the firm support of the leaders of the party committee, the government, and provincial-level departments responsible for cultural work. They went to the rural areas and sat with the peasants, watching our performance. In 1987, they set aside a van for our troupe to improve our working conditions and help us solve the real problems in our work. In 1991, they allocated special funds to make a new "caravan" and a mobile stage for us. On 1 February 1991, the autonomous region's leading cadres visited us again, congratulating us on the success of our 10,000-li tour of rural areas. To help us solve real problems, they decided on the spot to allocate another van for us and grant us a 10,000-yuan bonus. They also promised to purchase modern acoustical facilities for us. In short, each time we made some progress or met with difficulties, these leaders were surely there to be with us, supporting and encouraging us. Without their support, it would have been quite incredible for us to have been in the country eight years.

### III. Break Up "the Iron Rice Bowl," Practice the Distribution System of "To Each According to His Work"

Whether the distribution system is rational or not has a direct influence on the masses' initiative. In the past, it was common for performers to compete for major roles. When we entered 1983, there was no such a competition any more. We even had difficulties in finding people to play the leading roles. Though we spent much time preparing for the performance, few people wanted to

enjoy it. There was also no association between our work load and the material benefits. It was the same for you, whether you performed or not. You received the same pay, whether you performed well or not. To rehearse a new drama, we had to go door to door, looking to the performers for help. Sometimes we were even asked to arrange baby-sitters for them. Even so, it was still difficult to bring into play the performers' initiative. After careful consideration, we believed that, apart from the necessary political and ideological work, we still had to follow the Marxist principle of material benefits, breaking up "the iron rice bowl" and revolutionizing our distribution system. For this purpose, we began practicing the contract responsibility system. The specific steps are as follows: When we decide to stage a new drama, we first of all have the party branch or troupe office entrust or invite a middle-level cadre responsible for the contract. This cadre is also responsible for advertising for a director. Then the cadre and the director will decide on performers and staff members of a drama team. Finally, a contract is signed to define the responsibility. If there is any problem in selecting the performers or staff members, it is the troupe office that is responsible for the coordination. The drama team is formally set up at last after the study and approval of both the party branch and the troupe office. It is also stipulated that, if a drama team has staged only 1-10 performances, it has to hand in 30 percent of its income to the troupe office; if 10-20 performances have been put on, 20 percent of the income will be handed in; 20-30 performances, 10 percent; and 30 or more performances, 0 percent. After subtracting the part handed in to the office, the rest of the income will be distributed to each according to his/her work in the team. However, expenses, such as hotel charges, allowances for business trips, money for evening meals, equipment or car-repairs as well as the cost of wear and tear in the performances, are all paid by the team. Overspending will not be compensated. To arouse the team members' enthusiasm in their performances, we also stipulated that those who are not in the performance have no bonus. Moreover, we begin to associate the work load and the initiative of each member with such rewards as promotion, housing, the recruitment of new party members, health services, etc.

As we have associated the management with everyone's material gains, the troupe members' initiative has now been brought into full play and our troupe has taken on a new look. To improve our management, the drama team had to be optimized. There is now no unoccupied person or person of bad conduct in the team. There is no idler and everyone has his/her place and duty. Some of us even have more than one duty. Performers playing minor roles are also in charge of things such as props, sound effects, make-up, costumes, etc. Even the drivers help us decorate the stages. A drama team normally has less than 25 members. Fewer members, fewer expenses. In the past, each performance meant losing money; now we not only avoid losing money but only have extra money used as bonuses. In the past, troupe members all preferred living in expensive hotels when touring other

cities or towns; now, as we leave the outlay all to the drama team, few members want to spend so much money for the night. Some even lived in the road stations or brought bed-rolls with them. In the past, a bottle of cleaning cream used to remove stage make-up, would last only two performances; but now, one bottle can be used for more than 10 performances. In the past, you could see cleaning tissues scattered on the ground; but now one or two pieces seem to be enough for a performer. In the past, it often occurred to us that the equipment for performance or the truck often went bad; but now, they seldom fail. In the past, it was the leaders who went door to door to beg the performers; now most of the performers play their roles of their own accord. There are no such things as "putting on airs," "being at odds with the leaders," frivolity, or carelessness any longer.

#### **IV. It Is of Fundamental Importance To Play the Leading Role of a Communist in Strengthening Our Troupe**

The NMDT has been practicing the contract system under which the troupe chairman assumes full responsibility under the party branch's leadership. There is a clear division of labor when it comes to specific duties, but we are still in one troupe. The branch secretary assumes the responsibility mainly of political and ideological work, but we also have our responsibilities in it. So we called the political and ideological work "everyone's work." Cadres at different levels and all the communists must do the political and ideological work and each one has his/her individual responsibility. The political and ideological work in these years mainly consists of the following two aspects: First, the study of Chairman Mao's article, "Talks at the Yan'an Forum on Literature and Art." A few years ago, there was a saying that Chairman Mao's "Talks at the Yan'an on Literature and Art" was out-of-date. In view of this, we began a movement to study this important article. The article is not in any sense out-of-date but still a powerful ideological weapon in directing our art and literary work. On 23 May each year, we bring together the party members to study "Talks at the Yan'an Forum on Literature and Art" to have a deeper understanding of its great significance and basic principles. We also organize performances to commemorate this article's issuance. As we have been persisting in this study, our comrades now have a clearer understanding of the orientation and the road that a socialist art and literary organization should follow while under the party's leadership. Under the new historical condition, we must adhere to the four cardinal principles. No matter what kind of wind may blow, we should take the social effect as the highest norm for our creation and performance. In the last eight years, we have never put on a drama that is politically or ideologically unhealthy. Some people asserted that "the only way to develop and promote art and literary prosperity is to divorce art and politics" and that "the work of art and literature is to express desolation, depression, hesitation, and decadence." To criticize these erroneous assertions,

we referred to our own experiences that our performances were welcomed by the broad masses of the peasants, so that these mistaken ideas received no support here among the masses. Some of our comrades said that the dramas we performed were of no historical significance and no inspiration and only remained at the low level of "being understood and loved by the peasants." To answer these comrades, we replied with perfect assurance: "If our dramas are really understood and loved by the peasants, we have achieved our aim." From practice we realized that although there were other reasons for the modern drama crisis we experienced years ago, the most important reason was that our dramas were divorced from both life and people. Only by adhering to the orientation of "serving the people and socialism" and to the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" can we tide over crises and fully understand the unforgettable truth that "people need art and art needs people even more."

It is an important guarantee to give expression to the party members' exemplary and leading roles in strengthening political and ideological work. We repeatedly stressed that, at any time, to serve the people wholeheartedly is our party's sole purpose. Party members must be the first to bear hardships and last to enjoy comforts. Only in this way can we unite all the comrades in our troupe, marching toward our set objective. In each drama team there is a party group, mainly supervising each party member's exemplary and leading role. Party members must also take the lead in complying with and carrying out rules and regulations laid down by the troupe. If a party member commits a violation, he/she could be even more severely punished. Riding in the caravan, we asked that party members sit in the most uncomfortable place. In accommodations, we demanded that party members take the cheapest room and bed. In

loading the truck or setting the stage, we required that party members do the dirtiest and most tiring job. All these demands and requirements have also been written into the "Party Member Regulations of the NMDT." The exemplary and leading role played by our party members is better than any preaching. Thanks to this role, the drama team's general mood is getting healthier and healthier. Each time the Children's Corp pulled their cart to perform in schools, the old and new party members often vied with each other for the pulling, thus setting a very good example for others. One night in January 1986, we were to give an outdoor performance in Hot Spring Village, Helan County. The temperature was -20 degrees Celsius. Before we had our meal, the audience had already arrived. So the team leader decided that all party members would stay to set up the stage while other comrades ate. However, no one wanted to leave and we all worked to the last minute. When the performance was over, it was already early morning of the following day. Though the temperature was extremely cold, we went home with joy and laughter and no one complained.

In the last eight years, we paid special attention to political and ideological work and emphasized the party members' exemplary and leading role, thus increasing the party branch's fighting capacity and advancing our party's prestige. Now 80 percent of our troupe's young people have handed in their written applications for admission to the CPC. They said: "It seems we have to join the CPC. Only in this way can we prove the value of our life."

It was not easy for us to have performed in the countryside for eight years. However, this is a time of great significance and a time to prove the value of our life. As long as we follow this correct road, we are sure to make still greater progress.

**NPC Member Urges Sale of Cultural Relics**

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[Article by Cheng Qing (4453 7230): "Open Up Cultural Relics Market Properly"]

[Text] Is China really going to sell its life-sized terracotta warriors and chariots dating from the Qin Dynasty?

The suggestion of selling the terracotta warriors and chariots came as a real shock.

Actually this suggestion was hotly debated at the National People's Congress [NPC] closed not long ago.

In an article titled "How About Selling A Few Terracotta Warriors and Chariots?" published in WENHUI BAO on 8 March this year, Cai Zimin [5591 1311 3046], member of the Standing Committee of the NPC and chairman of the central committee of the Taiwan Democratic Self-Government League, wrote, "The Americans at one point sought to buy a warrior for \$100 million. We refused at the time... In my opinion, we should sell off a few warriors and chariots and use the huge sum of money raised to develop China's cultural projects and tourism..." The public outcry was immediate. A few newspapers organized a public debate. Some approved of the idea heartily. Others chided him for selling off their ancestors. His supporters figured that the proceeds from the sale of one terracotta warrior or chariot could buy a Boeing jet. Truly our ancestors would be benefiting their descendants. His critics were very bitter. We even want to sell off the treasure handed down from our forefathers? Is China really that poor?

No need to get so emotional, really. The money we earn from selling off our relics will not be used to buy airplanes. Money is urgently needed to restore and protect cultural relics as well as to recover relics that have been scattered all over or lost. Certainly, poverty relief is not why we want to sell our cultural relics.

**What Prompted This "Stupid Move"**

Mr. Cai Zimin did not propose selling off the terracotta warriors and chariots for no reason.

Mr. Cai Zimin has spent the past several years visiting one cultural relics protection point after another in an exhausting schedule. Last October alone he inspected 36 cultural relics points in central Shaanxi Province along with five other NPC deputies including Yuan Xuefen [5913 7185 5358]. The inspection tour lasted only half a month but the problems he discovered were quite shocking. Simply put, fund shortages have precluded the proper protection of ancient ruins and relics already excavated and the systematic full-scale prospecting and excavation of relics still in the ground. This state of affairs has created opportunities for criminals who plunder ancient graves recklessly.

This writer has paid a special visit to the cultural relics department of Shaanxi Province.

As a major cultural relics province, Shaanxi spends about 50 million yuan each year on the day-to-day maintenance and protection of cultural relics. But the State Administration for the Protection of Cultural Relics appropriates only 2 million yuan to the province annually while another 4 million comes from the finance department of the province. These sums are more than a drop in the bucket and may be the envy of other provinces, but they are barely enough to meet the needs. It is obvious that not everything is being done to protect ancient ruins. Xi'an is surrounded by four major historical sites, all palaces and capitals from the past: the 25-square kilometer Zhou Fenggao ruin; the 23-square kilometer Efanggong ruin, dating from the Qin Dynasty; the Han city of Chang'an, a 36-square kilometer area; and the Tang palace of Daminggong on a 3.75-square kilometer site. The plan projects a cost of about 100 million yuan to maintain and preserve each ruin. Thus far not even the land has been requisitioned. The local peasants have taken up contract farming, which does not bode well for the protection of cultural ruins. At the 185 graves for people buried with Emperor Tang Taizong, groundwater has been rising again. Due to a lack of funding for maintenance and protection, many coffin chambers have collapsed and murals destroyed. It costs tens of millions of yuan to clean up just one tomb. Some tombs in the province have become exposed. Since there is no money, the only thing the province can do is seal them permanently with soil.

Under central instruction, the repair and protection of the tomb of Emperor Huang Di will cost almost 100 million yuan. Armed with a mere 9 million yuan in cultural relics scientific research funds each year, the cultural relics bureau of Shaanxi Province is not in a position to initiate research on major topics. A wealth of precious relics are piled in the warehouses, gathering dust and being eaten by insects. In 1987, silk fabrics were unearthed at an imperial monastery of the Tang Dynasty. Again for lack of funding, no study has yet been made to determine how to preserve them. To this day they are still sitting in the refrigerator. For how much longer? Nobody knows for sure.

Meanwhile, grave digging and theft and smuggling in cultural relics have continued unabated despite repeated efforts to outlaw them. Between 1986 and 1991, almost 1,000 ancient graves were robbed in Shaanxi; the tomb of Liu Gongquan alone was robbed 13 times. The robbers made away with precious cultural artifacts, many of them subsequently smuggled overseas. Han Wei [7281 0251], deputy director of the Shaanxi Museum of History, related the following incident to this writer. During a visit to France in May last year, he spotted 400 to 500 pieces of bronze ware and statues carved from stone in display cases in a store that sold Chinese cultural artifacts. Many more were in the warehouse. In response to his inquiry, the store owner said that he bought the artifacts by the shipload from Hong Kong and that it

took him just 8 months to collect these relics, many of them cultural treasures unearthed in Shaanxi. Thus far, the masses have little understanding of the importance of cultural relics. Moreover, the protective forces themselves are a long way from keeping up with demand. Grave robbers and smugglers have collaborators at home and abroad and commit crimes with the help of advanced equipment: electric drills, detonators, cordless phones, cars, and motorcycles. In some areas there has even emerged a network with a clear division of labor covering the entire spectrum from grave robbery and purchasing to transportation, reselling, and smuggling of relics overseas. They are not to be deterred by unarmed protection personnel equipped only with bicycles and hand-held flashlights.

### The Plight of Major Cultural Relics Provinces

This is the situation in Shaanxi. How are other provinces faring? More or less the same, or worse?

Known as one of the nation's 6 leading cultural relics provinces, Gansu is home to 13,000 cultural relics locations and 290,000 cultural artifacts of all types. Most noteworthy are the 100 grottoes along the Silk Road that have been preserved; 60,000 Han bamboo slips used for writing that have been unearthed at Dunhuang and other places; more than 7,000 kilometers of the Great Wall dating from several dynasties, including the Warring States, Qin, Han, and Ming, which have been relatively well preserved; prehistoric cultural sites recognized by the historical community; a collection of New Stone Age painted pottery, about 15,000 pieces in all; and newly-unearthed Western Xia documents containing 30,000 characters. In the past dozen years, the government has made special grants totaling 10 million yuan to reinforce precipitous cliffs and maintain and preserve grottoes, ancient structures, and pre-historic ruins. This sum of money, however, is a far cry from what is needed to maintain and preserve the treasures.

Funds shortages have given rise to a host of problems in cultural relics work in Gansu Province today. Most upsetting is the failure to complete the relocation project affecting some cultural relics. There was a group of 14 grottoes in Tiantishan in Wuhui, which has enormous research value. The grottoes were moved in the 1960's to make way for the construction of a dam. Dozens of statues of Buddha in the grottoes were all taken to Lanzhou, the plan being to restore them at a suitable site in Lanzhou. Thirty years later, the statues of Buddha and other relics are still sitting in Lanzhou. Of the team of experts who took part in the relocation project, four have passed away. Two others, Chang Shuhong [1603 2579 7703] and Duan Wenjie [3008 2429 2638], who are capable of supervising restoration, are now in their 70's. Experts at home and abroad are very concerned about the restoration of the grottoes and often mention them when they visit Gansu. The province, however, is not able to do as much as it wants to, having stretched the national grants as far as they can go. Where else can the province turn for additional funding? Precisely because

of funds shortages, the province has to concentrate on excavation tasks of an emergency nature. Often the provincial cultural relics and archaeological team rushes to a site only when some relics become exposed in the course of building a dam or putting up a capital construction project. Because of its gruelling schedule, with one task closely following another, the team is constantly on the run. Meanwhile, it can do nothing more than pile the cultural relics excavated in a warehouse that is crudely equipped from a preservation point of view. Sorting them out and researching them is something they cannot afford to do. Gansu has a reputation as the "home of Han bamboo slips;" of the nation's total collection of unearthed Han bamboo slips, over 80 percent have been found in Gansu. Because of its limited preservation resources, it has been able to sort out only 10,000 bamboo slips out of its existing collection of 50,000 in almost 40 years.

Or take Luoyang City in Henan with its heavy concentration of national-level cultural relics priority protection units, six altogether. It receives 100,000 yuan in cultural relics protection funds from the Ministry of Finance each year, but the reality is that it needs between 1 to 2 million yuan a year at a minimum to do its cultural relics protection work, including such enormous tasks as the protection of the Longmen grottoes, Baima monastery, and the ruins of Sui and Tang cities. Day-to-day minor repairs and maintenance as well as daily expenses are funded by admission charges, but the province has no money to pay for large-scale protection works. All it can do is wait for central grants.

Funds shortages also are a problem in such major cultural relics provinces as Hebei and Shanxi. Cultural relics are a treasure trove bequeathed to us by our ancestors. In reality, given the current level of national resources, the more a province abounds with cultural relics, the heavier is its burden.

### The Key Lies In Changing Our Thinking

What is the situation nationwide? The nation's cultural relics protection spending (direct state grants plus local spending) amounts to 100 million yuan each year, equivalent to the annual budget of the Tokyo Museum in Japan. Even when compared to India, another country with an ancient civilization which also is part of the Third World today, China's relics protection budget does not measure up, amounting to just one-fifth of India's. With the nation spending less than 10 fen per capita each year on cultural relics protection, the nation's 500 national-level cultural relics priority protection units can get only the most meager of funds. Besides, many important cultural relics have yet to be designated as priority protection units. There is a desperate need to sort out, restore, and protect numerous cultural treasures, but the shortfall in funding is so great. Closing this gap by selling off a few treasures can be considered an solution in an emergency. During my visit, I learned that phase 2 of the project involving the terra-cotta warriors and chariots from the Qin Dynasty has been delayed

because of a lack of 70 million yuan. If one warrior can fetch \$100 million, as reports suggest, what is wrong with selling off one to preserve so many? The reality, of course, is not so simple. There must be special laws and rules to regulate the buying and selling of relics. Simply put, we cannot nonchalantly sell off a relic just because there happens to be a buyer.

In making his suggestion, Mr. Cai Zimin was merely asking us to explore a new idea. We should open our eyes to its underlying significance. As he said, "The old philosophy of cultural relics management should be changed. The cultural relics market should be opened up."

### Analysis of Shanghai Women's 'Special Status'

92CM0303A Shanghai SHEHUI [SOCIETY]  
in Chinese 20 Apr 92 pp 38-40

[Article by Wu Liangrong (0702 5328 5554): "Analysis of Shanghai Women's Special Status"]

[Text] In addition to being the nation's largest industrial and commercial city, Shanghai has the highest concentration of female workers and well-educated women in all China. Its unique geographical environment and social and economic milieu have given Shanghai women a distinctly urban character and a special "Shanghai" style. The significance of observing and studying the status of Shanghai women is that as China urbanizes, what Shanghai women are today is a preview of what a majority of Chinese women will be tomorrow and in the future.

#### 1. Economic Status of Shanghai Women

The "Shanghai style" of Shanghai women displays itself first of all as their diverse range of social roles and occupations. In Shanghai's social and economic construction, they truly hold up half the sky, establishing their social status by throwing themselves into work and contributing to society.

The employment status of women must always match the level of social productive forces. The flourishing of industry and commerce in Shanghai provides women with excellent opportunities to enter society and find jobs. Since the late 1950's, when women in large numbers began joining the work force, the female work force in Shanghai has been expanding steadily. There have been ups and downs over the years along with some theoretical confusion. But we cannot but recognize as a fact that Shanghai women are no longer willing to give up their professional roles. From personal experience, they can identify with the Marxist thesis that "participating in productive labor is a precondition for women's liberation." Back in 1988, this writer conducted a questionnaire survey on women's future. In response to the question "Do you think women should join the work force or stay home to take care of their children and do housework?" 82 percent of the respondents said they would choose to join the labor force. For a time enterprises went through optimal reorganization and some

women were forced to quit their jobs for a variety of reasons. Most of them, however, were not reconciled to staying home to do the housework and take care of the kids. They found the loneliness unbearable and searched long and hard for a way out. It was not long before they were again actively participating in all facets of social production.

According to statistics, female workers account for 37 percent of the nation's total work force. In Shanghai, on the other hand, 2.14 million women were in the labor force in 1989, or 42.53 percent of the total, significantly higher than the national average. The economic status of Shanghai women is evident not only in the wide range of jobs they hold, but also in the seniority of their positions and the fact that they are paid almost as much as men. After 40 years of struggle, the women of Shanghai have come to occupy a pivotal position in all trades and professions. In the electronic instrument and meter industry, in the clocks and watches industry, and in the precision instruments industry, for instance, women make up 67.56 percent of the work force. In the electrical and electronic equipment assembly industry, the proportion of female workers is 74.33 percent; commerce, 43.0 percent; natural science, 35.18 percent; and social science, 51.94 percent. Although women are not faring as well as one would like in politics and some cutting-edge fields in science, the professional stature and professional image of Shanghai women have made women at home and abroad sit up and take note.

In 1983 the departments concerned conducted five urban family surveys on more than 5,000 married women in 8 neighborhoods in Beijing, Tianjin, Shanghai, Nanjing, and Chengdu. The writer did a study comparing some of the data on the Changchun neighborhood in Shanghai, which is representative of the city, with the average data on the five cities, and came up with these differences between Shanghai and the other cities as far as the state of women is concerned: 1) The employment status of women when they got married. In the Changchun neighborhood, 69.11 percent of the women were employed when they got married; the overall rate for the five cities was 66.50 percent; 2) The women's current job distribution: commerce and services, 12.06 percent in Changchun, 14.69 percent overall; light and heavy industries and transportation, 27.06 percent in Changchun, 40.11 percent overall; cadres in government and party organs, mass organizations, enterprises, and institutional units, 1.32 percent in Changchun and 2.79 percent overall; cultural, educational, public health, engineering, technological, and scientific research personnel, 29.56 percent in Changchun, 17.88 percent overall; 3) The women's monthly income distribution: Under 60 yuan, 41.96 percent in Changchun, 57.83 percent overall; 61 to 80 yuan, 41.9 percent in Changchun, 32.54 percent overall; 81 to 100 yuan, 12.48 percent in Changchun, 7.76 percent overall; over 100 yuan, 2.61 percent in Changchun, 1.70 percent overall.



In all these three areas—employment status, level of jobs, and level of income, the women of Shanghai scored higher than their counterparts in other cities overall. It shows that the economic status of Shanghai women tops the nation. Their professional profile has become an important aspect of their lives.

## 2. Women's Status Within the Family

The economic status of Shanghai women has boosted their domestic status. Today the men of Shanghai have already acquired a minor reputation for being "hen-pecked" and as being "apron husbands." Actually these are nothing more than humorous descriptions of the relations between the sexes within the household.

Reviewing the development of the Shanghai family over the past 4 decades, we notice that what is most striking about changes in family relationships in Shanghai is the rising status of women in the family and the trend toward domestic democratization. Instead of merely "keeping house," Shanghai women are gradually "running the household" as well. The overwhelming majority of women have as much say as their spouses in such matters as childbirth, child-rearing, household budget, housework, and the organization of family life.

The domestic status of the women of Shanghai is mainly characterized by the following:

(1) Emphasis on the emotional aspect of family life. Now that they are no longer an economic appendage of their husbands, the women are likely to put greater emphasis on emotional ties as a glue of family life and are better able to achieve marital freedom. As a result, the marital status of Shanghai women is more fluid. According to statistics, nationwide 8,971,750 couples registered for marriage in 1988 while 655,168 filed for divorce. The corresponding figures for Shanghai in the same period were 147,018 and 13,043, respectively. Clearly Shanghai couples filed for divorce at a notably higher rate. Their elevated economic status and autonomy in the family have reduced women's post-divorce economic anxiety and eroded their tolerance for a loveless marriage. When they realize that their marriage is not really giving them happiness, they are the first to demand that they be relieved of their misery.

(2) There is widespread participation by their husbands in housework. Because Shanghai women are heavily involved in productive activities, juggling family with career, their husbands have been forced to share household chores, putting an end to the tradition of "women doing housework." According to a survey on some professional women in Shanghai, they spend 2.45 hours on housework each day on the average, compared to 2 hours in the case of their husbands. Men and women sharing housework is an inevitable outcome of men and women sharing social labor and represents men's adaptation to women's new status in the family. "Hen-pecked" can be considered an example of men's self-mockery after losing "domestic superiority" against their wishes.

(3) The husband-wife relationship has become one of partnership more than anything else. The rising domestic status of Shanghai women is slowly changing the dependency relationship between husband and wife and replacing it with a partnership characterized by mutual respect, understanding, and support. "Two guaranteeing one" used to mean the wife making sacrifices in order to further the husband's career. Now we notice that "two guaranteeing one" has come to mean furthering the career of whoever is more capable. The partnership of equals has enabled a host of promising women to blossom in their careers. Thanks to the "boost" they receive from the new husband-wife relationship, countless outstanding female cadres, advanced workers, March 8 red-banner pacesetters, and women workers in all trades and professions who are the best in their fields have been able to thrive at work.

## 3. The Spiritual Pursuits of Shanghai Women

Women's liberation depends on a subjective condition, namely, women consciously demanding personal growth, as well as the social conditions provided by a highly developed material civilization. In other words, what is also needed is a womanhood whose consciousness has been raised. The rising status of Shanghai women is inseparable from consciousness-raising among them. Since the women of Shanghai are better educated on the whole, they were also the first to have their consciousness raised. According to a survey on a randomly selected 1 percent of the population in Shanghai in 1987, among the city's population age 6 and above, there were 4,269 female college students, or 33 percent of all college students in Shanghai; 18,036 female high school students, 48 percent of the total; and 21,688 female junior high students, 47 percent of the total. In addition, Shanghai boasts a large number of well-educated women with special professional training. Their relentless drive for excellence has made them role models for other women. The educational edge of Shanghai women has given them a well-rounded personality, an unwillingness to survive under someone else's wing or to be provided for by others, and an inner drive to secure the same opportunities for social advancement as men and realize their own personal social status through their own effort. Thus we can see the "Shanghai" style of Shanghai women also in their rich spiritual life and their pursuit of the values of life.

(1) Affirmation of self-esteem. With their enhanced consciousness, Shanghai women have gradually discarded the archaic notion that "a woman without ability is a virtuous woman." They have high self-esteem and constantly try to improve themselves, determined to make something of themselves. These traits are particularly strong among young female students and well-educated women. According to a 1980 survey conducted by the research office of the Shanghai S&T Association on 1,400 female scientific and technical personnel in the city, female S&T personnel in Shanghai are idealistic, highly motivated, and hard-driving over-achievers. Of the women surveyed, 77 percent hoped to shoulder

heavy responsibilities and achieve success in their careers. In another study on female college students, 71 percent regarded themselves as having clear career goals and working at them relentlessly or described themselves as "hopeful" and "objective-oriented." Only 6.7 percent were "direction-less" and "not sure what they are after." Many Shanghai women are determined not to let men outperform them. They are committed to doing their best to pursue any goal that realizes the value of life.

(2) Take pains to improve themselves. In the great metropolis of Shanghai with its ever-changing challenges, women feel the danger of being eliminated and the pressure of competition all the time. Many women escape the dual structure of "family and unit" and never stop working for opportunities to better themselves. They devote any spare time they can squeeze out after juggling family with career to part-time studies and vocational training. In the mid-1980's, female workers enrolled in droves in part-time universities, TV universities, and the correspondence programs of institutions of higher education. Of all workers studying at part-time secondary schools in the city, 55 percent were women. To meet women's needs, the city's women's federation has organized training courses in hotel management and services, knitting, and English typing, all very well received by the public.

(3) Go after the modern way of life. Even as they fight for equality between men and women, Shanghai women do not deny that they have different desires and needs from men's. They choose their own way of life, depending on their lifestyle, age, and interests. Over the past few years, there has been a succession of fads in Shanghai, from fashion to cosmetics to weight loss. The world of women is one of endless variety and charm. Whatever the fabric or style of their clothes, whether they wear heavy or light makeup, whether it is at a dance or tourist spot, Shanghai women display a distinctly Shanghai flavor all their own. They are graceful, elegant, and unperturbed, the very embodiment of good taste and culture.

#### 4. Shanghai Culture Has Boosted the Status of Shanghai Women

The development of the women's movement and the elevation of women's status in Shanghai are inseparable from the city's socio-economic macroclimate. The Shanghai culture has nurtured the women's movement in the city. In my opinion, Shanghai culture has helped boost the status of women in the following ways:

(1) By extolling the progressive and civilized view of women. One of the characteristics of Shanghai culture is its receptiveness to advanced thinking from all sources and respect for and accommodation of a plethora of personalities. The civilized "view of women" demands that we respect women's wishes, safeguard their rights and interests, and create the favorable social conditions for women's participation in political, economic, and cultural activities. This progressive and civilized view of

women has gradually made its way into the psychology of Shanghai people, especially the mind-set of party and government leaders.

Every sector in Shanghai has traditionally been highly supportive of the women's movement and women joining the work force. Activities surrounding the March 8 red-banner standard bearers and "five-good" family organized by the women's federation have long received support from the municipal leadership and are still going strong after all these years. On the day the Women's Studies Society of Shanghai was founded in August 1986, Jiang Zemin [3068 3419 3046] and Xie Lijuan [6200 7787 1227], then mayor and deputy mayor, respectively, visited it in person to offer their congratulations. The city received 4 million yuan in donations from people in all walks of life to help build "Women's Park."

As enterprises underwent reform and optimal reorganization, the idea that women should go home surfaced briefly. Some enterprises and institutional units refused to hire female college graduates and cut back on the number of female workers. But the notion fell to take off in a modern civilized large metropolis like Shanghai. The social status and social roles of women have been accepted by a majority of citizens.

(2) Vitalize women's culture. Women's culture has always had a place in Shanghai culture. Shanghai boasts a formidable army of women writers, a host of theoretical workers devoted to women's studies, and numerous voluntary women's groups, such as the Society of Women Engineers, Society of Female Physicians, and Society of Female Teachers. All of this creates a rich cultural milieu for women in Shanghai. Women writers, journalists, and editors active on the cultural front, in particular, have played a crucial role in opening up women's complex inner world, describing the whole gamut of women's emotions, and conveying their hopes and desires. Through their efforts, Shanghai's media have been transmitting a constant stream of women's voices and women's images. In 1987, Shanghai TV station aired "Women's World," the nation's first TV show exclusively devoted to women's issues. JIEFANG RIBAO carries a monthly column entitled "Women's Corner." Then there are the frequent seminars on women's issues, exchanges between Chinese women and their foreign counterparts, and women's salons. The flourishing of women's culture has not only transformed women's spiritual world, but also subtly influenced the social psychology as a whole, causing the public to reexamine women's roles and their image.

(3) The Shanghai-style husbands who care about women's well-being. That Shanghai women have been able to achieve their current social stature also is inseparable from the understanding and support of the other half of society—men. In a certain sense, it is the presence of a large number of Shanghai-style husbands that has helped create the corps of women with Shanghai characteristics. Recently there was a contest in Shanghai to pick the modern good husband. This event reflects the

women's sincere gratitude to the men who care about and support their growth. At a symposium organized by Shanghai Marriage and Family Institute and Women's Studies Society on what makes a good husband, many people argued that the basic characteristics of a Shanghai-style husband are a modern outlook, respect for his wife's personality, understanding of her career, willingness to assume family responsibilities, and a belief in equality between men and women. A loving Shanghai-style husband is ready to lend his wife a hand when she pursues her career and does not forget her hard work when he has achieved success in his career. A loving Shanghai husband helps create a relaxed, warm, egalitarian and upwardly mobile home environment for his

wife, one that is conducive to her studying and working in physical and spiritual contentment.

In the above analysis, we took note of the relationship between the uniqueness of the social milieu of Shanghai women and their very special status. This point is highly significant for any further research on policies that will promote the development of Shanghai women. Gratifyingly, Shanghai women are the first beneficiaries of the women's liberation movement and sexual equality in China. By moving one step ahead of other women professionally and in education, they will encourage even more Chinese women to go forward courageously.

### Risk on MD-12 Deal Analyzed

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in Chinese No 133, 1 Jun 92 p 136-137

[Article by Ch'en Hsiu-hsien (7115 0208 6343): "Does Taiwan Want McDonnell-Douglas After All? What is Taiwan's Safest Bet in the High-Risk Aviation Market? Could McDonnell-Douglas Be Its Best Choice?"]

[Text] The route from St. Louis in the United States to the Taichung industrial zone is full of complications and uncertainty: McDonnell-Douglas wants to develop the MD-12 passenger plane in a joint venture with Taiwan.

The clamor of repeated Congressional inquiries in the U.S. capital, Washington, D.C., are at rest. Huang Hsiao-tsung [7806 1321 1350], chairman of the board of the Taihsiang/Taiwan Aerospace Corporation [name as transliterated] in Taipei, was forced to resign. Business should be discussed after politics. A discussion group headed by Taihsiang carrying three files in its briefcase will sit at the conference table with McDonnell-Douglas in June.

The negotiations are a lot of trouble and bother, given unknown market changes and the greatly changing global economy. The \$2 billion converted into a 40 percent share discussed in November 1991 was conceived of as 10 percent to 25 percent equity by March 1992. Taiwan's position was repeatedly revised until Hou Chen-hsiung [0186 6297 7160] was newly appointed chairman and Taihsiang bared a plan to discuss the joint venture after buying aircraft.

Each side seeks to save itself at the negotiation table. McDonnell-Douglas hopes to use Taiwan's money to spread risk and shore up its fiscal resources, aiming to turn loss into victory in hand-to-hand combat with Boeing and Airbus. On this side of the Pacific, Taiwan hopes to join in the high-risk global airline manufacturing industry with the least amount of risk and expense.

### Throwing a long shot, seeking self-preservation

Taihsiang's recent proposal was no more than a long shot thrown under the highest considerations of self-preservation.

In the past six months the doings of global matchmakers have linked Taiwan investment to the MD-12 passenger plane. McDonnell-Douglas' long-term continued growth is intimately tied to the the plane's smooth takeoff. Niceby [name as transliterated], an industry analyst at Prudential Securities on Wall Street in New York which closely follows the aircraft industry affirmed, "There could be no MD-12 without Taiwan's investment. (It's all or nothing.)"

Taihsiang urges McDonnell-Douglas to seriously consider its new proposal, given repeated scheduling and financing worries.

Urgent time pressures compel McDonnell-Douglas and Taihsiang to cut the Gordian knot.

Niceby categorically stated that for the MD-12, the "window of opportunity can not stay open past the end of 1992." McDonnell-Douglas sees Boeing and Airbus busy developing new aircraft (Boeing's 777, Airbus' A330 and A340) and unable to develop craft similar to the MD-12 for at least two years. Therefore, within the year McDonnell-Douglas has to find enough clients to buy the new plane for delivery starting in 1997.

Long-drawn out procedures in the original plan to raise money for the joint venture wasted time: "Decisions cannot be made for at least one to two years," Taihsiang General Manager Ke Ju-su [2688 1172 3936] affirmed.

Amid all the hub-bub, the thing that makes Taiwan hesitate is that it still has no way of finding out the actual situation of McDonnell-Douglas' finances. "We dare not calculate how much money McDonnell-Douglas ultimately wants," admitted a participant in the decisions. Cost estimates are no longer points of contention when there is no information. The heart of the matter is that in the end developing the MD-12 could cost more than \$9 billion.

Therefore Taihsiang proposed a model used by Japanese investors to develop the Boeing 777: Taihsiang purchases 20 MD-12s from McDonnell-Douglas as one of the first customers of the new plane. It independently raises \$1 billion to build a new factory to ensure that the most important production capacity remains in Taiwan rather than with McDonnell-Douglas' new joint venture company. Propose McDonnell-Douglas invest technology to solidify a long-term bilateral partnership. Taihsiang wants to bring Taiwan's monetary superiority all the more into full play to aid McDonnell-Douglas' fiscal worries and see to it that McDonnell-Douglas does not turn to other Asian nations.

Although it appears that a joint venture with McDonnell-Douglas means many changes, those in industrial circles affirm that the MD-12 is a new competitive aircraft whose time has come.

Noting that within six months the new aircraft became a large bi-level plane with four engines instead of three, greyish-white haired Chang Chen-chung [1728 6966 0022], general director of McDonnell-Douglas Asia Pacific, a straightforward talker, explained with a smile: "The clients wanted us to change."

The news given to McDonnell-Douglas from the air transport industry could be no clearer than this: Break the Boeing 747's nearly 30-year monopoly in the long distance passenger plane market. The price of each such \$150 million plane seldom is discountable because it singlehandedly occupies the long distance market. For more than two decades Boeing's hegemonic market position has been extremely stable thanks to fierce demand for these planes in the Asian Pacific market.

### One design attacks four directions

Wu Ching-ming [0702 2529 2494], a deputy assistant to Ch'ang-jung Airlines [as transliterated] who participated in collective talks between McDonnell-Douglas and airline companies affirmed: "More choices are more favorable to us." His analysis is that the new passenger plane with an 8,000 nautical mile range will remove the limitation against direct flights from Taipei to New York on the east coast of the United States. It will create entirely new transport opportunities for Southeast Asian airline companies.

In addition to the longer flight range model of the new plane, it also offers a higher weight capacity model with a maximum of 600-plus people and even a medium range model fitted with only two engines. McDonnell-Douglas wants to use the MD-12 to deflect mortal blows of past arduous struggles posed by Boeing's three aircraft models and Airbus' full series of seven planes. Chang Chen-chung affirmed that "We want to attack four markets with one design."

Fallen to third place in the market, McDonnell-Douglas wants to rely on this airplane to leap over Boeing in first place and squeeze Airbus out of second.

At present Boeing has accumulated plane orders worth more than Britain's annual GNP. In the short term it can use lowered 747 selling prices and in the long term after

1995 it can develop the larger 787 to counter McDonnell-Douglas. Still, Chang Chen-chung affirmed, "Boeing can no longer use profits from large places to subsidize smaller aircraft."

Prudential's Niceby more firmly maintains that Europe's transnational cooperation in the form of Airbus may feel greater pressure.

He surmises that Airbus, which has eclipsed McDonnell-Douglas's passenger plane market for more than two decades, has the highest costs among the three airplane companies. Moreover, Airbus, which has received \$26 billion in subsidies from European countries, cannot have enough power to overcome quickly McDonnell-Douglas in the long distance airplane market given the stronger anti-subsidy political pressure of the United States.

McDonnell-Douglas hopes that the MD-12 will be a crucial rallying force to restore its aircraft industry of 30 years ago.

In the mid-1960's, Boeing lost a U.S. Air Force competitive bid. As the company's future tottered, Boeing put all its eggs in one basket, changing its military transport plane into the huge 747 passenger plane. This established Boeing as the hegemon of the skies.

Surpassed by Boeing, McDonnell-Douglas was unable to prevail independently in that industry battle. Thus McDonnell-Douglas has given Taiwan this captivating opportunity. And unknown risk. McDonnell-Douglas wants Taiwan. Does Taiwan want it after all?

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